



**Kent County, Michigan**

Annual Financial Report

For the year ended June 30, 2019

**BYRON CENTER PUBLIC SCHOOLS**  
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For the year ended June 30, 2019

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## **FINANCIAL SECTION**



## INDEPENDENT AUDITOR'S REPORT

October 9, 2019

The Board of Education  
Byron Center Public Schools

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Byron Center Public Schools (the "District") as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Byron Center Public Schools as of June 30, 2019, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Required Supplementary Information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Byron Center Public Schools' basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The combining and individual fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 9, 2019 on our consideration of Byron Center Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Byron Center Public Schools' internal control over financial reporting and compliance.



Certified Public Accountants  
Grand Rapids, Michigan

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

As management of the Byron Center Public Schools (“the District”), we provide readers of the District’s financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with the District’s financial statements, which immediately follow this section.

### **Overview of the Financial Statements**

This annual report consists of four parts: Management's Discussion and Analysis (this section), the Basic Financial Statements, Required Supplementary Information, and Supplementary Information. The Basic Financial Statements include two kinds of statements that present different views of the District:

- The first two statements, the Statement of Net Position and the Statement of Activities, are *district-wide financial statements* that provide both short-term and long-term information about the District’s overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the District, reporting the District’s operations in more detail than the district-wide statements.
  - ♦ *Governmental funds statements* tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending.
  - ♦ *Fiduciary funds statements* provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The Basic Financial Statements also include Notes to Financial Statements that explain the information in the Basic Financial Statements and provide more detailed data; Required Supplementary Information includes pension and OPEB information schedules; Other Supplementary Information follows and includes combining and individual fund statements and schedules.

### **District-wide Statements**

The district-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District’s assets, deferred outflows of resources, liabilities and deferred inflow of resources. All of the current year’s revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two district-wide statements report the District’s net position, and how they have changed. Net position - the difference between the District’s assets, deferred outflows of resources, liabilities, and deferred inflow of resources - is one way to measure the District’s financial health or position.

Over time, increases or decreases in the District’s net position are an indicator of whether its financial position is improving or deteriorating, respectively.

To assess the District’s overall health, one should consider additional non-financial factors such as changes in the District’s property tax-base and the condition of school buildings and other facilities.

In the district-wide financial statements, the District's activities are presented as follows:

- *Governmental activities:* The District's basic services are included here, such as regular and special education, instructional support, transportation, administration, community services, food service and athletics. State aid and property taxes finance most of these activities.

### Condensed District-wide Financial Information

The Statement of Net Position provides financial information on the District as a whole.

	<b>2019</b>	<b>2018</b>
<b>Assets</b>		
Current assets	\$ 48,416,615	\$ 69,095,525
Net capital assets	110,280,646	92,674,995
<b>Total Assets</b>	<b>158,697,261</b>	<b>161,770,520</b>
<b>Deferred Outflows of Resources</b>	<b>30,603,239</b>	<b>18,456,397</b>
<b>Liabilities</b>		
Current liabilities	13,186,460	8,079,965
Long-term liabilities	127,782,145	139,101,097
Net pension liability	72,423,470	61,607,735
Net OPEB liability	19,411,253	21,101,755
<b>Total Liabilities</b>	<b>232,803,328</b>	<b>229,890,552</b>
<b>Deferred Inflows of Resources</b>	<b>9,906,223</b>	<b>4,001,889</b>
<b>Net Position</b>		
Net investment in capital assets	7,740,826	7,843,485
Restricted	3,638,036	2,024,853
Unrestricted (deficit)	(64,787,913)	(63,533,862)
<b>Total Net Position</b>	<b>\$ (53,409,051)</b>	<b>\$ (53,665,524)</b>

The results of the fiscal year's operations for the District as a whole are presented in the Statement of Activities, which shows the change in total net position for the year.

# Byron Center Public Schools

## Management's Discussion and Analysis June 30, 2019



The Statement of Activities presents changes in net position from operating results:

	<u>2019</u>	<u>2018</u>
<b>Program Revenues</b>		
Charges for services	\$ 3,792,923	\$ 3,832,368
Operating grants	11,410,708	11,071,099
<b>General Revenues</b>		
Property taxes	15,521,133	14,397,519
State school aid, unrestricted	27,263,809	25,244,913
Interest and investment earnings	1,260,434	979,451
Other	663,086	889,569
<b>Total Revenues</b>	<u>59,912,093</u>	<u>56,414,919</u>
<b>Expenses</b>		
Instruction	31,032,105	29,823,931
Supporting services	18,928,904	16,614,130
Community services	2,930,136	2,795,319
Food service	1,767,460	1,787,181
Other	162,478	490,176
Interest on long-term debt	4,834,537	4,893,618
<b>Total Expenses</b>	<u>59,655,620</u>	<u>56,404,355</u>
Increase in net assets	256,473	10,564
<b>Net Position, Beginning of Year</b>	<u>(53,665,524)</u>	<u>(53,676,088)</u>
<b>Net Position, End of Year</b>	<u><b>\$ (53,409,051)</b></u>	<u><b>\$ (53,665,524)</b></u>

### Financial Analysis of the District as a Whole

The District's financial position is the product of many factors: changes in State Aid, increased student enrollment and slightly increased costs have contributed to the minimal deficit.

Unrestricted net assets decreased from a deficit of \$63,533,862 at June 30, 2018 to a deficit of \$64,787,913 at June 30, 2019. The District's net pension liability, including deferred outflows and inflows of resources, increased by \$3,385,423 during the fiscal year. In addition, the District's net OPEB liability, including deferred outflows and inflows of resources, decreased by \$656,850 during the fiscal year.

The District's total revenues increased by \$3.5 million to \$59.9 million. Property taxes and unrestricted State aid accounted for most of the District's revenue, contributing about 71 cents of every dollar raised. Another 19 percent came from state and federal aid for specific programs and the remaining 10 percent from fees charged for services, interest earnings and other local sources.

The total cost of all programs and services increased \$3.3 million to \$59.6 million. The District's expenses are predominantly related to instructing, pupil services, and for the transporting of students (76 percent). The District's administrative and business activities accounted for 8 percent, operation and maintenance and technology services accounted for 8 percent. Interest on long-term debt accounted for 8 percent of total District expenses.

- For the eighteenth year in a row the District's student F.T.E. (full time equivalent) has grown.

<b>September</b>	<b>Increase Student FTE</b>	<b>Percentage Increase</b>
2001	126	5.0%
2002	154	5.8%
2003	92	3.4%
2004	138	4.8%
2005	70	2.3%
2006	74	2.4%
2007	21	0.7%
2008	23	0.7%
2009	85	2.6%
2010	76	2.2%
2011	90	2.6%
2012	100	2.8%
2013	141	3.8%
2014	2	0%
2015	96	2.5%
2016	70	1.8%
2017	59	1.5%
2018	188	4.7%

### Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

The District utilizes two kinds of funds:

- *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, a reconciliation is provided in separate statements explains the relationship (or differences) between them.

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## Financial Analysis of the District's Funds

The District uses funds to record and analyze financial information. Byron Center Public School's funds are described as follows:

### Major Funds

#### General Fund

The General Fund is the District's primary operating fund. The General Fund had total revenues of \$44,146,122, other financing sources of \$139,418 total expenditures of \$42,589,860 and other financing uses of \$227,705. The General Fund ended the fiscal year with a \$1,467,975 increase in fund balance for a total fund balance of \$7,744,154, up from \$6,276,179 at June 30, 2018.

#### Construction Fund

The 2017 Construction Capital Projects Fund accounts for bond proceeds to be used for voter approved capital improvement projects. During fiscal year 2018-19, the fund had total revenues of \$1,097,856, and total expenditures were \$22,219,765. The ending fund balance was \$31,592,619 at June 30, 2019, down from \$52,714,528 at June 30, 2018.

### Nonmajor Funds

#### Special Revenue Funds

The District operated three Special Revenue Funds during the fiscal year: the Food Service program, VanSingel Fine Arts Center and Community Service programs. The total revenue for all Special Revenue Funds was \$4,170,497, total other financing sources were \$277,986, total expenditures were \$4,111,191, and other financing uses were \$175,281. The ending fund balances totaled \$1,163,603. Of the ending fund balances \$804,482 is attributable to the Community Service Fund, and \$359,121 to the Food Service Fund. The VanSingel fund was closed out at the end of the fiscal year and was transferred into the Community Service Fund.

#### Debt Service Funds

The District operates seven Debt Service Funds. Total revenues were \$8,695,653, total other financing sources were \$4,499,268 (which includes \$4,481,288 of School Bond Loan proceeds), total expenditures were \$12,931,839, and total other financing uses were \$17,980. The ending fund balances in the Debt Service Funds totaled \$347,178.

#### Capital Projects Fund

There is one nonmajor Capital Projects Fund incorporated into the financial statements of the District. The Building and Site Fund had total revenues of \$1,247,893 and total expenditures of \$628,740. The ending fund balance was \$2,934,888 at June 30, 2019, up from \$2,315,735 at June 30, 2018.

### Fiduciary Funds

#### Trust and Agency Funds

The Student Activities Fund and the Scholarship Funds are operated as Fiduciary Funds of the District. The assets of these funds are being held for the benefit of the District's students. Balances on hand at June 30, 2019 totaled \$438,507. The Student Activities Fund's portion was \$425,657, and the Scholarship Fund's was \$12,850.

**General Fund Budgetary Highlights**

Over the course of the year, the District revised the annual operating budget on three (3) separate occasions. The budget amendments were a result of the following:

- The first budget revision in December 2018 reflected the student count and staffing costs based upon actual data in lieu of assumptions. As with all “first” revisions, the assumptions are now supported by factual increases and staffing positions which were unknown at the July 1<sup>st</sup> budget adoption.
- The second budget revision in April 2019 refined State Aid revenue, local property tax collections from our three major governmental units, Federal revenues, sale of equipment and competitive grants awarded. On the expenditure side effects of open enrollment for insurance plans, year to date utilities and fluctuations in operating costs.
- The third budget revision in June 2019 again refined State Aid revenue, local property tax collections from our three major governmental units, Federal revenues. On the expenditure side, the refinement of outflows was reviewed and projected.
- This particular year it was determined only three (3) budget revisions were necessary.

**Capital Asset and Debt Administration**

By the end of 2019, the District had invested \$166.8 million in a broad range of capital assets, including land, school buildings, athletic facilities, vehicles, computer equipment and software, and administrative offices. (More detailed information about capital assets can be found in Note E in the Notes to Basic Financial Statements.) Total depreciation expense for the year was \$3.3 million.

The District’s 2018-19 total capital additions totaled \$30,629,008, principally in the following areas:

- \$94,525 for land purchase
- \$19,564,305 for construction in progress
- \$107,579 for land improvements
- \$10,317,940 for building improvements
- \$152,180 for furniture and equipment purchases
- \$392,479 for additional vehicles

At June 30, 2019, the District’s investment in capital assets and construction in progress (net of accumulated depreciation), increasing approximately \$17.6 million from the previous year-end, is detailed as follows:

Land	\$ 4,393,430
Construction in progress	19,991,964
Land improvements	5,194,073
Buildings and additions	77,807,638
Furniture and equipment	1,832,830
Vehicles	1,050,704
Equipment under capital leases	10,007
<b>Net Capital Assets</b>	<b>\$ 110,280,646</b>



### **Long-term Debt**

At year end, the District had total long-term debt of \$135.5 million of which the largest portion is \$113.4 million in general obligation bonds. (More detailed information about long-term debt can be found in Note F in the Notes to Basic Financial Statements.)

- The District continued to pay down its debt, retiring \$8.3 million of outstanding bonds, loans and leases.
- After paying down a significant portion of the outstanding balance, the District obtained \$4,741,903 from the Michigan School Bond Loan Fund for payment of annual maturities of its general obligation bonds during the fiscal year.
- Interest in the amount of \$231,136 was added on the outstanding loan during the fiscal year. The District is not required to make payments to the Michigan School Bond fund until the taxable value of the District increases to a point where it is able to make the debt payments and has funds available.
- The District's other long-term obligation is for Accumulated Sick/Vacation Leave in the amount of \$178,493.

The District's underlying rating on the unlimited tax bonds is AA- by Standard and Poor's and Aa2 by Moody's Investors. The unlimited bonds also carry the State's credit rating of AA- by Standard & Poor's and Aa2 by Moody's Investors. The State limits the amount of general obligation debt that schools can issue to 15 percent of the assessed value of all taxable property within a district's boundaries. We present more detailed information about our long-term liabilities in the Notes to Basic Financial Statements.

### **Factors Bearing on the District's Future**

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances that could significantly affect its financial health in the future:

- The District's student growth count has been beneficial the last fourteen (14) years to maintain programs and staff. Student count is a variable that is difficult to predict during challenging economic times. The District utilizes an outside firm (Stanfred & Assoc.) to analyze existing student count and project future student growth for budget purposes. The District received a net 187.84 new students in October, 2018 compared to the first count in October, 2017. The District had projected an increase of twenty-one (21) students so the increase was greater than anticipated. The enrollment is a result of an additional housing supply and increased prices for starter homes. As a note to the reader, the October 2018 student count has rekindled the District to review its "Growth and Capacity" study and act upon the student growth via additional educational space at the K-6 grades.
- During 2018-19, the District received a net of \$8,078 per student in State funds in the form of a foundation allowance and local operating taxes minus the loss of approximately \$220,000 lost due to the Headlee Rollback of the Operating Millage. The deduction of \$470 per pupil in fiscal year 2009-10 remains permanently deducted from the State Aid Foundation Allowance for 2016-17; effectually "resetting" the Byron Center Public School Foundation Allowance. Prior to the "resetting" Byron Center Public Schools received \$7,886 per student, \$192 per student increase during the ten year period. Overall, the State Aid Foundation Allowance is not keeping pace with managed costs within the District.



- Management has taken a proactive approach in protecting top-flight education by continuing “non-instructional” employee out-sourcing. The District has renewed several out-sourcing contracts and will continue to reduced its expenditure outlay for non-instructional services.
- Legislative changes made to the Michigan Public Schools Employee Retirement System slightly increased the operational costs for Byron Center Public Schools fiscal year 2018-19 budget.
- Since the economic downturn of 2008 Byron Center Public Schools have seen strong and sustained commercial and homeowner development. The July 2015 opening of the Tanger Outlet and several finished home development plats (+150 units) are prime examples of strong interest in the Byron Center area. Five (5) year projections of student enrollment show a consistent managed growth.

### **Contacting the District's Financial Management**

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Byron Center Public Schools, 8542 Byron Center Avenue SW, Byron Center, Michigan 49315. Contact by e-mail: [tpowers@bcpsk12.net](mailto:tpowers@bcpsk12.net). Contact by phone: (616) 878-6100.

## **BASIC FINANCIAL STATEMENTS**

**BYRON CENTER PUBLIC SCHOOLS**  
**Statement of Net Position**  
**June 30, 2019**

	Governmental Activities
<b>Assets</b>	
Cash equivalents, deposits and investments (Note B)	\$ 41,810,986
Accounts receivable	28,496
Due from other governmental units (Note C)	6,377,675
Inventory	22,248
Prepaid expenses	177,210
Capital assets not being depreciated (Note E)	24,385,394
Capital assets being depreciated, net (Note E)	85,895,252
	<b>Total Assets</b>
	158,697,261
<b>Deferred Outflows of Resources</b>	
Loss on advance bond refundings, net	1,215,867
Deferred pension amounts	25,386,235
Deferred OPEB amounts	4,001,137
	<b>Total Deferred Outflows of Resources</b>
	30,603,239
<b>Liabilities</b>	
Accounts payable	495,168
Due to other governmental units	1,677,046
Accrued interest payable	807,633
Salaries payable	2,301,089
Unearned revenue	160,870
Long-term liabilities (Note F):	
Due within one year	7,744,654
Due in more than one year	127,782,145
Net pension liability	72,423,470
Net OPEB liability	19,411,253
	<b>Total Liabilities</b>
	232,803,328
<b>Deferred Inflows of Resources</b>	
Deferred pension amounts	5,542,284
Deferred OPEB amounts	4,363,939
	<b>Total Deferred Inflows of Resources</b>
	9,906,223
<b>Net Position</b>	
Net investment in capital assets	7,740,826
Restricted for:	
Capital projects	2,934,888
Debt service	(460,455)
Community services	804,482
Food service	359,121
Unrestricted (deficit)	(64,787,913)
	<b>Total Net Position</b>
	\$ (53,409,051)

See accompanying notes to basic financial statements.

**BYRON CENTER PUBLIC SCHOOLS**  
**Statement of Activities**  
**For the year ended June 30, 2019**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes In Net Position
		Charges for Services	Operating Grants	
<b>Governmental Activities</b>				
Instruction	\$ 31,032,105	\$ 95,998	\$ 9,866,303	\$ (21,069,804)
Supporting services	18,928,904	381,541	701,965	(17,845,398)
Community services	2,930,136	2,470,620	-	(459,516)
Food service	1,767,460	844,764	842,440	(80,256)
Other	162,478	-	-	(162,478)
Interest on long-term debt	4,834,537	-	-	(4,834,537)
<b>Total Governmental Activities</b>	<b>\$ 59,655,620</b>	<b>\$ 3,792,923</b>	<b>\$ 11,410,708</b>	<b>(44,451,989)</b>
<b>General Revenues</b>				
Taxes:				
				5,631,610
				8,665,698
				1,223,825
				27,263,809
				1,260,434
				663,086
				<u>44,708,462</u>
				256,473
				<u>(53,665,524)</u>
				<u>\$ (53,409,051)</u>

See accompanying notes to basic financial statements.

**BYRON CENTER PUBLIC SCHOOLS**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2019**

<b>Assets</b>	<u>General</u>	<u>2017 Construction</u>	<u>Nonmajor</u>	<u>Total</u>
Cash equivalents, deposits and investments (Note B)	\$ 5,561,280	\$ 31,592,619	\$ 4,657,087	\$ 41,810,986
Accounts receivable	19,929	-	-	19,929
Due from other funds (Note D)	16,750	-	19,324	36,074
Due from other governmental units (Note C)	6,366,182	-	11,493	6,377,675
Inventory	-	-	22,248	22,248
Prepaid expenditures	167,210	-	10,000	177,210
<b>Total Assets</b>	<b>\$ 12,131,351</b>	<b>\$ 31,592,619</b>	<b>\$ 4,720,152</b>	<b>\$48,444,122</b>
 <b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 427,704	\$ -	\$ 67,464	\$ 495,168
Due to other funds (Note D)	10,992	-	16,515	27,507
Due to other governmental units	1,659,423	-	17,623	1,677,046
Salaries payable	2,268,399	-	32,690	2,301,089
Unearned revenue	20,679	-	140,191	160,870
<b>Total Liabilities</b>	<b>4,387,197</b>	<b>-</b>	<b>274,483</b>	<b>4,661,680</b>
<b>Fund Balances (Note A)</b>				
Nonspendable	167,210	-	32,248	199,458
Restricted	-	29,201,954	4,023,421	33,225,375
Committed for future building improvements	889,327	-	390,000	1,279,327
Assigned for future expenditures	29,800	2,390,665	-	2,420,465
Unassigned	6,657,817	-	-	6,657,817
<b>Total Fund Balances</b>	<b>7,744,154</b>	<b>31,592,619</b>	<b>4,445,669</b>	<b>43,782,442</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 12,131,351</b>	<b>\$ 31,592,619</b>	<b>\$ 4,720,152</b>	<b>\$48,444,122</b>

See accompanying notes to basic financial statements.

**BYRON CENTER PUBLIC SCHOOLS**  
**Reconciliation of Total Governmental Fund Balances to**  
**Net Position of Governmental Activities**  
**June 30, 2019**

<b>Total governmental fund balances</b>		<b>\$ 43,782,442</b>
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of assets is \$166,803,154, and accumulated depreciation is \$56,522,508.		110,280,646
Net bond refunding losses are not expensed but are amortized over the life of the new bond issue on the Statement of Activities.		1,215,867
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
General obligation bonds	\$ (113,395,000)	
State school bond loan	(11,706,278)	
Bond premium, unamortized	(10,247,028)	
Accumulated sick leave	(178,493)	(135,526,799)
Accrued interest is not included as a liability in governmental funds.		(807,633)
Net pension liability and related deferred outflows/inflows of resources are not included as assets/liabilities in governmental funds:		
Net pension liability	(72,423,470)	
Deferred outflows	25,386,235	
Deferred inflows	(5,542,284)	(52,579,519)
Net OPEB liability and related deferred outflows/inflows of resources are not included as assets/liabilities in governmental funds:		
Net OPEB liability	(19,411,253)	
Deferred outflows	4,001,137	
Deferred inflows	(4,363,939)	(19,774,055)
<b>Total net position - governmental activities</b>		<b><u><u>\$ (53,409,051)</u></u></b>

See accompanying notes to basic financial statements.

**BYRON CENTER PUBLIC SCHOOLS**  
**Statement of Revenues, Expenditures and**  
**Changes in Fund Balances**  
**Governmental Funds**  
**For the year ended June 30, 2019**

	General	2017 Construction	Nonmajor	Total
<b>Revenues</b>				
Local sources	\$ 6,314,045	\$ 1,097,856	\$ 13,131,474	\$ 20,543,375
Non-educational entity sources	60,218	-	140,129	200,347
State sources	32,944,711	-	66,396	33,011,107
Federal sources	1,181,048	-	776,044	1,957,092
Interdistrict sources	3,646,100	-	-	3,646,100
<b>Total Revenues</b>	<b>44,146,122</b>	<b>1,097,856</b>	<b>14,114,043</b>	<b>59,358,021</b>
<b>Expenditures</b>				
Instruction	27,392,372	-	-	27,392,372
Supporting services	15,063,831	400,929	-	15,464,760
Community services	133,657	-	2,492,342	2,625,999
Food service	-	-	1,618,849	1,618,849
Capital outlay	-	21,818,836	628,740	22,447,576
Debt service:				
Principal repayment	-	-	7,770,000	7,770,000
Interest and fiscal charges	-	-	5,160,839	5,160,839
Bond issuance costs	-	-	1,000	1,000
<b>Total Expenditures</b>	<b>42,589,860</b>	<b>22,219,765</b>	<b>17,671,770</b>	<b>82,481,395</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>1,556,262</b>	<b>(21,121,909)</b>	<b>(3,557,727)</b>	<b>(23,123,374)</b>
<b>Other Financing Sources (Uses)</b>				
School bond loan issued	-	-	4,481,288	4,481,288
Transfers in	125,000	-	295,966	420,966
Transfers out	(227,705)	-	(193,261)	(420,966)
Other transactions	14,418	-	-	14,418
<b>Total Other Financing Sources (Uses)</b>	<b>(88,287)</b>	<b>-</b>	<b>4,583,993</b>	<b>4,495,706</b>
<b>Net Change in Fund Balances</b>	<b>1,467,975</b>	<b>(21,121,909)</b>	<b>1,026,266</b>	<b>(18,627,668)</b>
<b>Fund Balances, Beginning of Year</b>	<b>6,276,179</b>	<b>52,714,528</b>	<b>3,419,403</b>	<b>62,410,110</b>
<b>Fund Balances, End of Year</b>	<b>\$ 7,744,154</b>	<b>\$ 31,592,619</b>	<b>\$ 4,445,669</b>	<b>\$ 43,782,442</b>

See accompanying notes to basic financial statements.

**BYRON CENTER PUBLIC SCHOOLS**  
**Reconciliation of the Statement of Revenues, Expenditures**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the year ended June 30, 2019**

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**Net change in fund balances - total governmental funds** \$ (18,627,668)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is capitalized and allocated over their estimated useful lives as depreciation expense. This is the amount by which net capital outlays exceeded depreciation in the current period:

Capital outlays	\$ 20,890,775	
Depreciation expense	<u>(3,277,798)</u>	17,612,977

In the Statement of Activities, only the loss on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale(s) increase financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the assets sold/retired.

(7,326)

Proceeds from the sale of bonds, loans, or capital leases are an other financing source in the governmental funds, but increase long-term liabilities in the Statement of Net Position.

(4,741,903)

Bond premium is amortized over the life of the new bond issue on the Statement of Activities.

539,654

Losses on advanced bond refundings are amortized over the life of the new bond issue on the Statement of Activities.

(154,152)

Repayment of long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities:

Repayment of bonds	7,770,000
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Interest on long-term liabilities in the Statement of Activities differs from the amount reported on the governmental funds because interest is recorded as an expenditure in the funds when it is due and paid, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues regardless of when it is paid.

586,917

In the Statement of Net Position, voluntary severance and accumulated sick leave is measured by the amounts earned during the year. In the governmental funds, however, expenditures are measured by the amount of financial resources used (essentially, the amounts actually paid). This year the amount of these benefits used/paid (\$24,010) exceeded the amount earned (\$17,463).

6,547

The changes in net pension liability and related deferred outflows/inflows of resources are not included as revenues/expenditures in governmental funds.

(3,385,423)

The changes in net pension liability and related deferred outflows/inflows of resources are not included as revenues/expenditures in governmental funds.

656,850

**Total changes in net assets - governmental activities**

\$ 256,473

See accompanying notes to basic financial statements.



**BYRON CENTER PUBLIC SCHOOLS**  
**General Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the year ended June 30, 2019**

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>Revenues</b>				
Local sources	\$ 6,516,622	\$ 6,301,567	\$ 6,314,045	\$ 12,478
Non-educational entity sources	60,320	60,806	60,218	(588)
State sources	30,238,453	33,035,070	32,944,711	(90,359)
Federal sources	1,092,270	1,156,893	1,181,048	24,155
Interdistrict sources	4,087,556	3,637,479	3,646,100	8,621
<b>Total Revenues</b>	<u>41,995,221</u>	<u>44,191,815</u>	<u>44,146,122</u>	<u>(45,693)</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Basic programs	23,166,585	24,012,786	24,008,507	4,279
Added needs	3,431,785	3,391,229	3,383,865	7,364
Supporting services:				
Pupil services	2,530,196	2,529,851	2,595,438	(65,587)
Instructional staff services	778,473	857,672	853,970	3,702
General administrative services	647,161	619,576	607,538	12,038
School administrative services	2,142,846	2,228,899	2,222,435	6,464
Business services	682,453	692,044	674,140	17,904
Operation and maintenance services	3,569,361	3,466,913	3,390,845	76,068
Pupil transportation services	2,312,492	2,454,295	2,444,053	10,242
Central services	1,069,554	1,150,090	1,136,438	13,652
Other supporting services	1,341,513	1,160,107	1,138,974	21,133
Community services	123,997	136,812	133,657	3,155
<b>Total Expenditures</b>	<u>41,796,416</u>	<u>42,700,274</u>	<u>42,589,860</u>	<u>110,414</u>
<b>Excess of Revenues Over Expenditures</b>	<u>198,805</u>	<u>1,491,541</u>	<u>1,556,262</u>	<u>64,721</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	125,000	125,000	-
Transfers out	(187,408)	(227,705)	(227,705)	-
Other transactions	-	10,544	14,418	3,874
<b>Total Other Financing Sources (Uses)</b>	<u>(187,408)</u>	<u>(92,161)</u>	<u>(88,287)</u>	<u>3,874</u>
<b>Net Change in Fund Balances</b>	11,397	1,399,380	1,467,975	68,595
<b>Fund Balances, Beginning of Year</b>	<u>6,276,179</u>	<u>6,276,179</u>	<u>6,276,179</u>	<u>-</u>
<b>Fund Balances, End of Year</b>	<u><u>\$ 6,287,576</u></u>	<u><u>\$ 7,675,559</u></u>	<u><u>\$ 7,744,154</u></u>	<u><u>\$ 68,595</u></u>

See accompanying notes to basic financial statements.

**BYRON CENTER PUBLIC SCHOOLS**  
**Fiduciary Funds**  
**Statement of Fiduciary Net Position**  
**June 30, 2019**

	Private Purpose Trust Fund	Agency Fund
<b>Assets</b>		
Cash equivalents, deposits and investments (Note B)	\$ 12,850	\$ 425,589
Due from other funds	-	68
<b>Total Assets</b>		<b>\$ 425,657</b>
<b>Liabilities</b>		
Due to student groups	-	\$ 417,022
Due to other funds (Note D)	-	8,635
<b>Total Liabilities</b>		<b>\$ 425,657</b>
<b>Net Position</b>		
Held in trust for:		
Individuals and organizations	\$ 12,850	

See accompanying notes to basic financial statements.

**BYRON CENTER PUBLIC SCHOOLS**  
**Fiduciary Funds**  
**Statement of Changes in Fiduciary Net Position**  
**For the year ended June 30, 2019**

	Private Purpose Trust Fund
<b>Additions</b>	
Interest earnings	\$ 123
Donations	300
<b>Total Additions</b>	423
<b>Deductions</b>	
Endowment activities - scholarships	1,241
<b>Change In Net Position</b>	(818)
<b>Net Position, Beginning of Year</b>	13,668
<b>Net Position, End of Year</b>	\$ 12,850

See accompanying notes to basic financial statements.

## **NOTES TO BASIC FINANCIAL STATEMENTS**

**BYRON CENTER PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2019**

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## **Note A – Summary of Significant Accounting Policies**

Byron Center Public Schools (the “District”) was organized under the School Code of the State of Michigan and services a population of approximately 4,157 students. The District is governed by an elected Board of Education consisting of seven members and administered by a Superintendent who is appointed by the aforementioned Board. The District provides a comprehensive range of educational services as specified by state statute and Board of Education policy. These services include elementary education, secondary education, preschool programs, athletic activities, special education, vocational education, community services and general administrative services. The Board of Education also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America as applicable to school districts. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The District’s significant accounting policies are described below.

### **1. Reporting Entity**

The financial reporting entity consists of a primary government and its component units. The District is a primary government because it is a special-purpose government that has a separately elected governing body, is legally separate and is fiscally independent of other state or local governments. Furthermore, there are no component units combined with the District for financial statement presentation purposes, and the District is not included in any other governmental reporting entity. Consequently, the District’s financial statements include the funds of those organizational entities for which its elected governing board is financially accountable.

### **2. District-wide and Fund Financial Statements**

**District-wide Financial Statements** - The district-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) present financial information about the District as a whole. The reported information includes all of the nonfiduciary activities of the District. The District does not allocate indirect costs and, for the most part, the effect of interfund activity has been removed. These statements are to distinguish between the *governmental* and *business-type activities* of the District. *Governmental activities* normally are supported by taxes and intergovernmental revenues, and are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The District does not have any *business-type activities*.

The Statement of Net Position is reported on the full accrual, economic resource basis, which recognizes all long-term assets as well as all long-term debt and obligations. The District’s net position is reported in three parts: investment in capital assets, net of related debt; restricted net assets, and unrestricted net assets.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Property taxes, unrestricted state aid, interest earnings and other items not included among program revenues are reported instead as *general revenues*.

**BYRON CENTER PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2019**

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Separate financial statements are provided for governmental and fiduciary funds, even though the latter are excluded from the district-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. The General Fund and the 2017 Construction Capital Projects Fund are the District's major funds. Non-major funds are aggregated and presented in a single column.

**Fund Financial Statements** – Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Fund level statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances. The Balance Sheet reports current assets, current liabilities and fund balances. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources and uses of current financial resources. This differs from the economic resources measurement focus used to report at the district-wide level. Reconciliations between the two sets of statements are provided in separate schedules.

Revenues are recognized when susceptible to accrual; i.e., both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days after the end of the current fiscal period. Expenditures are generally recorded when the liability is incurred, if they are paid within 60 days after the end of the current fiscal period. The exception to this general rule is that principal and interest on long-term debt is recognized when due.

Revenues susceptible to accrual are property taxes, State aid, federal and interdistrict revenues and investment income. Other revenues are recognized when received. Unearned revenue arises when potential revenue does not meet both the measurable and available criteria for recognition in the current period. Unearned revenue also arises when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of the qualifying expenditures.

### **3. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

District-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as is the fiduciary fund financial statement. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met.

The State of Michigan utilizes a foundation allowance approach, which provides for a specific annual amount of revenue per student based on a state-wide formula. The foundation allowance is funded from a combination of state and local sources. Revenues from State sources are primarily governed by the School Aid Act and the School Code of Michigan. The state portion of the foundation is provided from the State's School Aid Fund and is recognized as revenues in accordance with State law and accounting principles generally accepted in the United States of America.

#### **Governmental Funds**

Governmental funds are those funds through which most school district functions typically are financed. The acquisition, use, and balances of a school district's expendable financial resources and the related current liabilities are accounted for through governmental funds.

**BYRON CENTER PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2019**

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*General Fund*—The General Fund is the general operating fund of a school district. It is used to account for all financial resources, except those required to be accounted for in another fund. Included are all transactions related to the current operating budget.

*Special Revenue Funds*—Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.

*School Service Funds*—School Service Funds are used to segregate, for administrative purposes, the transactions of a particular activity from regular revenue and expenditure accounts. A school district maintains full control of these funds. The School Service Funds maintained by the District are the Food Service, Community Service, and VanSingel Fine Arts Center Special Revenue Funds.

*Debt Service Funds*—Debt Service Funds are used to account for the accumulation of resources for, and the payment of, long-term debt (bonds, notes, loans, leases and school bond loan) principal, interest, and related costs.

*Capital Projects Funds*—Capital Projects Funds are used to record bond proceeds, property tax revenues or other revenues and the disbursement of monies specifically designated for acquiring new school sites, buildings, equipment and for major remodeling and repairs. The funds are retained until the purpose for which the funds were created has been accomplished. The District currently maintains a 2017 Construction Fund and a Building and Site Fund.

The Capital Projects Funds include capital project activities funded with bonds issued after May 1, 1994. For these capital projects, the District has complied with the applicable provisions of Section 1351a of the State of Michigan's School Code. For capital project activities funded with sinking fund millage, the District has complied with the applicable provisions of Section 1212 (I) of the Revised School Code and the State of Michigan Department of Treasury Letter No. 01-95.

### **Fiduciary Funds**

Fiduciary Funds are used to account for assets held by a school district in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

*Trust Funds*—Trust Fund net position and results of operations are not included in the district-wide financial statements. Trust funds are reported using the economic resources measurement focus.

*Agency Funds*—Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District presently maintains a Student Activities Fund to record the transactions of student groups for school and school related purposes. The funds are segregated and held in trust for the students.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted as they are needed.

**BYRON CENTER PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2019**

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#### **4. Budgets and Budgetary Accounting**

State of Michigan Public Act 621 (the Uniform Budgetary and Accounting Act) requires that the General Fund of a school district be under budgetary control and that both budgeted and actual financial results do not incur a deficit. Byron Center Public Schools has also adopted budgets for its Special Revenue Funds. A school district's General Appropriations Resolution (the "budget") must be adopted before the beginning of each fiscal year. No violations (dollar deviations) from a district's budget may occur without a corresponding amendment to the budget. A school district has the ability to amend the budget provided that the amendment is prior to the occurrence of the deviation and prior to the fiscal year-end. A school district may also permit the chief administrative or fiscal officer to execute transfers between line items, within defined dollar or percentage limits, without prior approval of the Board of Education. Expenditures may not legally exceed budgeted appropriations at the function level. All appropriations lapse at the end of the fiscal year.

Byron Center Public Schools utilizes the following procedures in establishing the budgetary data reflected in the financial statements:

- Starting in the spring, District administrative personnel and department heads work with the Superintendent and Chief Financial Officer to establish proposed operating budgets for the fiscal year commencing the following July 1.
- In June, preliminary operating budgets are submitted to the Board of Education. These budgets include proposed expenditures and the means of financing them.
- Prior to June 30, a public hearing is held to obtain taxpayer comments on the proposed budgets.
- After the budgets are finalized, the Board of Education adopts an appropriations resolution setting forth the amount of the proposed expenditures and the sources of revenue to finance them.
- The original General and Special Revenue Funds budgets were amended during the year in compliance with State of Michigan Public Act 621 (the Uniform Budgetary and Accounting Act).
- Budgets for the General and Special Revenue Funds were adopted on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America.

#### **5. Encumbrances**

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budget integration in the governmental funds. There were no substantial encumbrances outstanding at year end.

#### **6. Investments**

Investments are recorded at fair value. Investment income is composed of interest and net changes in the fair value of applicable investments.



**BYRON CENTER PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2019**

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**7. Inventories/Prepaid Items**

Inventories are valued at cost (first-in, first-out), and are accounted for using the consumption method. Inventories of the Food Service Fund consist of food, and other nonperishable supplies. Disbursements for inventory-type items are recorded as expenditures at the time of use for each fund. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the district-wide and fund financial statements. The cost of prepaid items is recorded as expenses/expenditures when consumed rather than when purchased.

**8. Capital Assets**

Capital assets, which include land, land improvements, buildings and improvements, vehicles and furniture and equipment, are reported in the district-wide financial statements. Assets having a useful life in excess of one year and whose costs exceed \$5,000 are capitalized. Capital assets are stated at historical cost or estimated historical cost where actual cost information is not available. Donated capital assets are stated at fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend an asset's useful life are not capitalized. Improvements are capitalized and depreciated over the remaining useful life of the related assets.

Land improvements, buildings and improvements, furniture and equipment and vehicles are depreciated using the straight-line method over the following estimated useful lives:

Land improvements	10-20 years
Buildings and improvements	40-50 years
Furniture and equipment	3-10 years
Vehicles	5-10 years

**9. Long-term Obligations**

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported at the total amount of bonds issued.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

**10. Accumulated Vacation/Sick Leave**

Accumulated vacation/sick leave at June 30, 2019 has been computed and recorded in the basic financial statements of the District. Employees who leave the District are entitled to reimbursement for a portion of their unused vacation/sick days. At June 30, 2019, the accumulated liabilities, including salary related payments, (expected to be financed by General Fund revenues) for accumulated vacation/sick leave was \$178,493.

**BYRON CENTER PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2019**

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## **11. Retirement Plan**

Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, were implemented by the District during the fiscal year ended June 30, 2015. These Statements establish standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit pensions, the Statements identify the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about pensions also are addressed. Distinctions are made regarding the particular requirements for employers based on the number of employers whose employees are provided with pensions through the pension plan and whether pension obligations and pension plan assets are shared. Cost sharing employers are those whose employees are provided with defined benefit pensions through cost-sharing multiple-employer pension plans – pension plans in which the pension obligations to the employees of more than one employer are pooled and plan assets can be used to pay the benefits of the employees of any employer that provides pensions through the pension plan.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Michigan Public School Employees Retirement System (MPSERS) and additions to/deductions from MPSERS fiduciary net position have been determined on the same basis as they are reported by MPSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Plan investments are reported at fair value.

## **12. Postemployment Benefits Other Than Pensions**

Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, was implemented by the District during the fiscal year ended June 30, 2018. This Statement establish standards for recognizing and measuring (OPEB) liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB plans, the Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about OPEB are also addressed. Distinctions are made regarding the particular requirements depending upon whether the OPEB plans through which the benefits are provided are administered through trusts that meet specific criteria. Cost-sharing employers are those whose employees are provided with defined benefit OPEB through cost-sharing multiple-employer OPEB plans—OPEB plans in which the OPEB obligations to the employees of more than one employer are pooled and plan assets can be used to pay the benefits of the employees of any employer that provides OPEB through the OPEB plan.

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Michigan Public School Employees Retirement System (MPSERS) and additions to/deductions from MPSERS fiduciary net position have been determined on the same basis as they are reported by MPSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Plan investments are reported at fair value.

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### **13. Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District has three such items that qualify for reporting in this category: the deferred charge on a previous year's bond refunding, the deferred outflows relating to the recognition of net pension liability on the financial statements and the deferred outflows relating to the recognition of net OPEB liability on the financial statements.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future period(s) and so will *not* be recognized as in inflow of resources (revenue) until that time. The District has two types of items that qualify for reporting in this category: the deferred inflows of resources relating to the recognition of net pension liability on the financial statements and the deferred inflows of resources relating to the recognition of net OPEB liability on the financial statements.

### **14. Net Position**

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition or construction of those assets. Net position is reported as restricted when there are limitations imposed on their use either through legislation or through external restrictions imposed by creditors, grantors, laws or regulations from other governments.

### **15. Fund Balances**

As of July 1, 2010, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions*. The stated objective of GASB Statement No. 54 is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds, detailed as follows:

- Nonspendable – resources that cannot be spent because they are either (a) not in spendable form (inventories and prepaid amounts) or (b) legally or contractually required to be maintained intact (the principal of a permanent fund).
- Restricted – resources that cannot be spent because of (a) constraints externally imposed by creditors (debt covenants), grantors, contributors, or laws or regulations or (b) imposed by law through constitutional provisions or enabling legislation and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation.
- Committed – resources that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority (Board of Education). Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified uses by taking the same type of action it employed to previously commit those amounts. Committed fund balance does not lapse at year end.

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- Assigned – resources that are constrained by the government’s intent to be used for specific purposes, but are neither restricted nor committed. Intent should be expressed by (a) the governing body itself or (b) a body or official to which the governing body has designated the authority to assign amounts to be used for specific purposes. Byron Center Public Schools’ Board of Education has delegated authority to assign fund balances for a specific purpose to the CFO. Assigned fund balance does not lapse at year end.
- Unassigned – unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount.

Byron Center Public Schools has established a policy for its use of unrestricted fund balance amounts, and the District considers that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

The District’s Unassigned General Fund Balance will be maintained to provide the District with sufficient working capital and a margin of safety to address local and regional emergencies without unnecessary borrowing. The Unassigned General Fund Balance may only be appropriated by resolution of the Board of Education. It is recognized that it will not always be possible to avoid borrowing to provide cash flow.

The Board recognizes that good fiscal management comprises the foundational support of the entire District. To make that support as effective as possible, the Board intends to maintain a fund balance of 10% of the District General Fund annual operating expenditures.

**16. Interfund Activity**

Flows of cash from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers between governmental funds are eliminated in the Statement of Activities. Interfund transfers in the fund financial statements are reported as other financing sources/uses.

**17. Estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**Note B – Cash Equivalents and Investments**

The State of Michigan allows a political subdivision to authorize its Treasurer or other chief fiscal officer to invest surplus funds belonging to and under the control of the entity as follows:

- Bonds, bills, or notes of the United States; obligations, the principal and interest of which are fully guaranteed by the United States; or obligations of the State.

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- Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution, but only if the financial institution is a state or nationally chartered bank or a state or federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and that maintains a principal office or branch office located in this State under the laws of this State or the United States.
- Commercial paper rated at the time of purchase within the 2 highest classifications established by not less than 2 standard rating services and that matures not more than 270 days after the date of the purchase.
- Securities issued or guaranteed by agencies or instrumentalities of the United States government.
- United States government or Federal agency obligation repurchase agreements.
- Banker's acceptances issued by a bank that is a member of the Federal Deposit Insurance Corporation.
- Mutual funds composed entirely of investment vehicles which are legal for direct investment by a school district in Michigan.
- Investment pools, as authorized by the Surplus Funds Investment Pool Act, Act No. 367 of the Public Acts of 1982, being sections 129.11 to 129.118 of the Michigan Compiled Laws, composed entirely of instruments that are legal for the direct investment by a school district in Michigan.

Balances at June 30, 2019 related to cash equivalents and investments are detailed in the Basic Financial Statements as follows:

Statement of Net Position:	
Governmental activities	\$ 41,810,986
Fiduciary Funds:	
Trust and Agency Funds	438,439
	\$ 42,249,425

**Cash Equivalents**

Depositories actively used by the District during the year are detailed as follows:

1. Chemical Bank
2. Salt Lake City Bank

Cash equivalents consist of bank interest-earning super NOW accounts. Chemical Bank is utilized by all funds of the District. Salt Lake City Bank is used to pay referees in the District's athletics programs.

Balances at June 30, 2019 related to cash equivalents are detailed in the Basic Financial Statements as follows:

Cash equivalents	\$ <u>6,666,413</u>
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**BYRON CENTER PUBLIC SCHOOLS**  
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*Custodial Credit Risk Related to Cash Equivalents*

Custodial credit risk is the risk that in the event of bank failure, the District's deposits may not be returned to the District. Protection of District cash equivalents is provided by the Federal Deposit Insurance Corporation. At year end, the carrying amount of the District's cash equivalents was \$6,666,413 and the bank balance was \$11,584,935. Of the bank balance, \$604,497 was covered by federal depository insurance and \$10,980,438 was uninsured and uncollateralized.

**Investments**

As of June 30, 2019, the District had the following investments:

	<u>Fair Value</u>
Surplus Funds Investment Pool Accounts:	
Michigan Liquid Asset Fund	\$ 5,084,305
Repurchase Agreements	<u>30,498,707</u>
	<u>\$ 35,583,012</u>

The Michigan Liquid Asset Fund (MILAF) is an external pooled investment fund that includes qualified investments in accordance with the applicable sections of the School Code. MILAF is not regulated or registered with the Securities Exchange Commission and reported the same value of the pool shares as the fair value of the District's investments at June 30, 2019. The MILAF Fund is rated AAAM by Standard and Poor's.

Of the districts investments in repurchase agreements, underlying Government bonds of the entire amount are held by the investment's counterparty, Chemical Bank, not in the name of the District. The District's investment policy does not limit securities underlying repurchase agreements.

*Custodial Credit Risk Related to Investments*

Custodial credit risk is the risk that, in the event of a failure of the counterparty, the District may not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District minimizes custodial credit risk by limiting investments to the types of securities allowed by State statute, and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the District will do business. At June 30, 2019, the District had no investments that were subject to custodial credit risk.

*Credit Risk*

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The District's investment policy does not specifically address credit risk, but minimizes its credit risk by limiting investments to the types allowed by the State.

*Interest Rate Risk*

In accordance with its investment policy, the District will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market, and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market funds, or similar investment pools and limiting the average maturity in accordance with the District's cash requirements. The District's investment policy requires that maturities do not exceed two years.



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*Concentration of Credit Risk*

The District minimizes concentration of credit risk, which is the risk of loss attributed to the magnitude of the District's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. The District's investment policy places no restrictions on the amount or percentage that may be invested in any one type of security. Excluding U.S. Government guaranteed investments, and mutual fund and pooled investments, no single investment exceeded 5% of total investments at June 30, 2019.

*Foreign Currency Risk*

The District is not authorized to invest in investments which have this type of risk.

**Note C – State School Aid/Property Taxes**

On March 15, 1994, the voters of the State of Michigan approved Proposal A, which increased the State Sales and Use Tax rates from 4% to 6% and established a State Education Tax at a rate of 6 mills on all property, except that which is exempt by law from ad valorem property taxes, and dedicated the additional revenues generated to Michigan school districts.

These additional State revenues pass through to Michigan school districts in the form of a per pupil "Foundation Allowance" paid on a "blended count" of District pupil membership in February 2018 and October 2018. The 2018-19 "Foundation Allowance" for Byron Center Public Schools was \$8,078 for 4,139 "Full Time Equivalent" students, generating \$32,233,003 in state aid payments to the District of which \$5,850,200 was paid to the District in July and August 2019 and included in "Due From Other Governmental Units" of the General Fund and Food Service Special Revenue Fund of the District.

Property taxes for the District are levied July 1 and December 1 (the tax lien date) under a split-levy system by the City of Wyoming, the Townships of Byron and Dorr, and the Charter Township of Gaines, and are due 75 days after the levy date. The taxes are then collected by each governmental unit and remitted to the District. The Counties of Kent and Allegan, through their Delinquent Tax Revolving Fund, advance all delinquent real property taxes at March 1 to the District each year prior to June 30.

Section 1211(1) of 1993 PA 312 states that beginning in 1994, the board of a school district shall levy not more than 18 mills, if approved by voters, for school operating purposes, or the number of mills levied in 1993, whichever is less, on non-homestead property only, in order to be eligible to receive funds under the State School Aid Act of 1979. After 1996, electors may approve a 3 mill "Local Enhancement Millage" which must be shared between all local districts in each respective county intermediate district.

As Byron Center Public Schools' electors had previously (August 2, 2016) approved an 18 mill non-homestead property tax operating millage extension. Only 17.3984 mills were levied in the District for 2018 due to Headlee millage rollbacks.

The District levied 7.0 mills in 2018 for debt service purposes and 0.9882 mills for building and site, applied on all taxable property in the District.

**BYRON CENTER PUBLIC SCHOOLS**  
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Taxable property in the District is assessed initially at 50% of true cash value by the assessing officials of the various units of government that comprise the District. These valuations are then equalized by the county and finally by the State of Michigan, generating the State Equalized Valuation. Taxable valuation increases will be limited, or capped (known as capped valuation), at 5% or the rate of inflation, whichever is less. With the implementation of Proposal A and Public Act 36, taxable property is now divided into two categories: PRE and NPRE.

A principal residence exemption property (PRE) is exempt from the 18 mill "School Operating" tax. It is not exempt from the 6 mill "State Education" tax, any voted "Local Enhancement Millage" nor any additional voted millage for the retirement of debt.

Non-principal residence exemption property (NPRE) is subject to all District levies. However, since Public Act 36, establishing the Michigan Business Tax, was signed into law, Public Acts 37-40 of 2007 now exempt Industrial Personal Property from the 6 mill State Education Tax and up to 18 mills of local school district operating millage (includes property under Industrial Facilities Tax exemptions); and exempt Commercial Personal Property from up to 12 mills of local school district operating millage (exceptions may apply).

The District is subject to tax abatements granted by the County of Kent with local businesses under the Plant Rehabilitation and Industrial Development Districts Act, (known as the Industrial Facilities Exemption) PA 198 of 1974, as amended, provides a tax incentive to manufacturers to enable renovation and expansion of aging facilities, assists in the building of new facilities, and promotes the establishment of high tech facilities. An Industrial Facilities Exemption (IFE) certificate entitles the facility to exemption from ad valorem real and/or personal property taxes for a term up to 12 years as determined by the local unit of government. The agreements entered into by each local unit include claw back provisions should the recipient of the tax abatement fail to fully meet its commitments, such as employment levels and timelines for relocation. The tax abated property taxes are calculated by applying half the local property tax millage rate on the total IFT taxable value. This amounts to a reduction in property tax revenue of approximately 50%.

For the year ended June 30, 2019, the District's property tax revenues were reduced by approximately \$207,246 under these agreements.



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**Note D – Interfund Receivables/Payables and Transfers**

Amounts due from/to other funds representing interfund receivables and payables for cash flow advances at June 30, 2019 are detailed as follows:

	<b>Due From</b>	<b>Due To</b>
<b>Major Funds</b>		
General Fund:		
Special Revenue Funds:		
Food Service Fund	\$ 1,403	\$ 10,924
Community Service Fund	6,712	-
Agency Fund:		
Student Activities Fund	8,635	68
	<b>16,750</b>	<b>10,992</b>
<b>Total Major Funds</b>	<b>16,750</b>	<b>10,992</b>
<b>Nonmajor Funds</b>		
Special Revenue Funds:		
Van Singel Fine Arts Center Fund:		
General Fund	-	-
Food Service Fund:		
General Fund	10,924	1,403
Community Service Fund	8,400	-
Community Service Fund:		
General Fund	-	6,712
Food Service Special Revenue Fund	-	8,400
	<b>19,324</b>	<b>16,515</b>
<b>Total Nonmajor Funds</b>	<b>19,324</b>	<b>16,515</b>
<b>Fiduciary Funds</b>		
Agency Fund:		
Student Activities Fund:		
General Fund	68	8,635
	<b>68</b>	<b>8,635</b>
<b>Total All Funds</b>	<b>\$ 36,142</b>	<b>\$ 36,142</b>

**BYRON CENTER PUBLIC SCHOOLS**  
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Interfund transfers during the year ended June 30, 2019 were as follows:

	<b>Transfers In</b>	<b>Transfers Out</b>
<b>Major Funds</b>		
General Fund:		
Special Revenue Funds:		
Food Service Special Revenue Fund	\$ -	\$ 16,005
Community Service Special Revenue Fund	125,000	75,700
VanSingel Fine Arts Center Special Revenue Fund	-	136,000
	125,000	227,705
<b>Total Major Funds</b>	<b>125,000</b>	<b>227,705</b>
<b>Nonmajor Funds</b>		
Special Revenue Funds:		
Community Service Special Revenue Fund:		
General Fund	75,700	125,000
VanSingel Fine Arts Center Special Revenue Fund	50,281	-
Food Service Special Revenue Fund:		
General Fund	16,005	-
VanSingel Fine Arts Center Special Revenue Fund:		
General Fund	136,000	-
Community Service Fund	-	50,281
	277,986	175,281
Debt Service Fund:		
2015 Refunding Debt Fund:		
2015 Refunding Debt Fund	17,980	-
2012 Refunding Debt Fund:		
2012 Refunding Debt Fund	-	17,980
	17,980	17,980
<b>Total Nonmajor Funds</b>	<b>295,966</b>	<b>193,261</b>
<b>Total All Funds</b>	<b>\$ 420,966</b>	<b>\$ 420,966</b>

Interfund transfers are essential to maintain the Special Revenue Funds of the District. The transfers assist the fund with cash flow, payroll, and employee benefits. The District's intent is to appropriate expenditures to these funds on an actual basis to show the true costs of operation for these programs. By making the interfund transfers these expenditures can be allocated to each program as they occur. The transfer between debt service funds was made to allocate remaining funds after refunding of the 2008 Refunding Debt Fund. The transfer between the VanSingel Fine Arts Center Fund was to combine it with the Community Services Special Revenue Fund.

**BYRON CENTER PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
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**Note E – Capital Assets**

Capital asset activity for the year ended June 30, 2019 was as follows:

	<u>Balances July 1, 2018</u>	<u>Additions</u>	<u>Sales/ Retirements</u>	<u>Balances June 30, 2019</u>
Capital assets not being depreciated:				
Land	\$ 4,298,905	\$ 94,525	\$ -	\$ 4,393,430
Construction in progress	10,165,892	19,564,305	9,738,233	19,991,964
Total capital assets not being depreciated	<u>14,464,797</u>	<u>\$ 19,658,830</u>	<u>\$ 9,738,233</u>	<u>24,385,394</u>
Capital assets being depreciated:				
Land improvements	17,832,057	\$ 107,579	\$ -	17,939,636
Buildings and improvements	99,081,600	10,317,940	-	109,399,540
Furniture and equipment	11,065,052	152,180	-	11,217,232
Vehicles	3,146,857	392,479	146,527	3,392,809
Equipment under capital leases	468,543	-	-	468,543
Total capital assets being depreciated	<u>131,594,109</u>	<u>\$ 10,970,178</u>	<u>\$ 146,527</u>	<u>142,417,760</u>
Less accumulated depreciation for:				
Land improvements	12,054,879	\$ 690,684	\$ -	12,745,563
Buildings and improvements	29,663,505	1,928,397	-	31,591,902
Furniture and equipment	8,972,261	412,141	-	9,384,402
Vehicles	2,238,065	243,241	139,201	2,342,105
Equipment under capital leases	455,201	3,335	-	458,536
Total accumulated depreciation	<u>53,383,911</u>	<u>\$ 3,277,798</u>	<u>\$ 139,201</u>	<u>56,522,508</u>
Total capital assets being depreciated, net	<u>78,210,198</u>			<u>85,895,252</u>
<b>Net Capital Assets</b>	<u>\$ 92,674,995</u>			<u>\$ 110,280,646</u>

Depreciation expense was charged to District activities as follows:

Governmental activities:	
Instruction	\$ 2,060,056
Supporting services	951,086
Community services	163,004
Food service	103,652
	<u>\$ 3,277,798</u>

**BYRON CENTER PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2019**

**Note F – Long-term Debt**

Changes in long-term debt for the year ended June 30, 2019 are summarized as follows:

	<b>Debt Outstanding July 1, 2018</b>	<b>Debt Added</b>	<b>Debt Retired</b>	<b>Debt Outstanding June 30, 2019</b>
General obligation bonds:				
November 15, 2010	\$ 23,195,000	\$ -	\$ 1,915,000	\$ 21,280,000
February 27, 2012	19,175,000	-	1,075,000	18,100,000
October 24, 2012	3,220,000	-	3,220,000	-
February 24, 2015	1,505,000	-	385,000	1,120,000
May 18, 2016	10,530,000	-	-	10,530,000
June 28, 2017	56,535,000	-	-	56,535,000
February 27, 2018	7,005,000	-	1,175,000	5,830,000
Bond premium	10,786,682	-	539,654	10,247,028
State school bond loan	6,964,375	4,741,903	-	11,706,278
Accumulated vacation/sick leave	185,040	17,463	24,010	178,493
	<u>\$ 139,101,097</u>	<u>\$ 4,759,366</u>	<u>\$ 8,333,664</u>	<u>\$ 135,526,799</u>

Long-term bonds, installment purchase agreements and other obligations at June 30, 2019 are comprised of the following:

	<b>Final Maturity Dates</b>	<b>Interest Rates</b>	<b>Outstanding Balance</b>	<b>Amount Due Within One Year</b>
<b>General Obligation Bonds</b>				
\$37,140K Refunding November 15, 2010: Annual maturities of \$1,645K to \$1,900K	May 1, 2031	3.25 - 4.00	\$ 21,280,000	\$ 1,900,000
\$22,750K Building & Site February 27, 2012: Annual maturities of \$1,100K to \$1,550K	May 1, 2033	3.00 - 5.00	18,100,000	1,100,000
\$2,645K Refunding February 24, 2015: Annual maturities of \$370K to \$380K	May 1, 2022	1.60 - 2.05	1,120,000	380,000
\$10,530K Refunding May 18, 2016: Annual maturities of \$1,600K to \$2,500K	May 1, 2024	1.73 - 2.55	10,530,000	1,600,000
\$56,535K Building & Site June 28, 2017: Annual maturities of \$965K to \$3,615K	May 1, 2047	5.00	56,535,000	965,000
\$7,005K Refunding February 27, 2018: Annual maturities of \$1,125K to \$1,210K	May 1, 2024	4.00 - 5.00	5,830,000	1,210,000
Bond premium		N/A	10,247,028	539,654
<b>Other Obligations</b>				
State school bond loan			11,706,278	-
Accumulated vacation/sick leave			178,493	50,000
			<u>\$ 135,526,799</u>	<u>\$ 7,744,654</u>

**BYRON CENTER PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2019**

The District is required to obtain loans from the Michigan School Loan Revolving fund for the payment of the annual maturities of its general obligation bonds. There is no fixed maturity schedule for the repayment of these loans. Instead, the principal and interest are payable when taxes levied for debt service are no longer needed to retire bonded debt. During the year the District borrowed \$4,481,288, and accrued interest of \$260,615 was added to the District's outstanding liability to the Fund. At June 30, 2019, the District owed the Fund a total of \$11,706,278.

The annual requirements to pay principal and interest on long-term bonds and state school bond loans outstanding at June 30, 2019 are as follows:

<b>Year Ended June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2020	\$ 7,155,000	\$ 4,845,799	\$ 12,000,799
2021	7,430,000	4,584,405	12,014,405
2022	7,680,000	4,315,286	11,995,286
2023	7,780,000	4,030,326	11,810,326
2024	7,805,000	3,748,075	11,553,075
2025	4,240,000	3,467,994	7,707,994
2026	4,305,000	3,302,744	7,607,744
2027	4,395,000	3,132,931	7,527,931
2028	4,470,000	2,953,281	7,423,281
2029	4,570,000	2,768,463	7,338,463
2030	4,645,000	2,577,538	7,222,538
2031	4,725,000	2,381,238	7,106,238
2032	3,240,000	2,179,250	5,419,250
2033	3,375,000	2,032,250	5,407,250
2034	1,915,000	1,879,000	3,794,000
2035	2,010,000	1,783,250	3,793,250
2036	2,115,000	1,682,750	3,797,750
2037	2,220,000	1,577,000	3,797,000
2038	2,330,000	1,466,000	3,796,000
2039	2,445,000	1,349,500	3,794,500
2040	2,570,000	1,227,250	3,797,250
2041	2,700,000	1,098,750	3,798,750
2042	2,835,000	963,750	3,798,750
2043	2,975,000	822,000	3,797,000
2044	3,125,000	673,250	3,798,250
2045	3,280,000	517,000	3,797,000
2046	3,445,000	353,000	3,798,000
2047	3,615,000	180,750	3,795,750
	<u>\$ 113,395,000</u>	<u>\$ 61,892,827</u>	<u>\$ 175,287,827</u>

**BYRON CENTER PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2019**

**Note G – Retirement Plan**

***Plan Description***

The Michigan Public School Employees' Retirement System (MPSERS) (the "System"), is a cost sharing, multiple employer, state-wide, defined benefit public employee retirement system governed by the State of Michigan (State) originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the board's authority to promulgate or amend the provisions of the System. The board consists of twelve members – eleven appointed by the Governor, and the State Superintendent of Instruction, who serves as the ex-officio member.

The System's pension plan was established by the State to provide retirement, survivor and disability benefits to public school employees. In addition, the System's health plan provides all retirees with the option of receiving health, prescription drug, dental and vision coverage under the Michigan Public School Employees' Retirement Act.

The System is administered by the Office of Retirement Services (ORS) within the Michigan Department of Technology, Management and Budget. The Department Director appoints the Office Director, with whom the general oversight of the System resides. The State Treasurer serves as the investment officer and custodian for the System.

The System's financial statements are available on the ORS website at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).

Participants are enrolled in one of multiple plans based on date of hire and certain voluntary elections. A summary of pension plans offered by MPSERS are detailed as follows:

<b>Plan Name</b>	<b>Plan Type</b>	<b>Plan Status</b>
Member Investment Plan (MIP)	Defined Benefit	Closed
Basic	Defined Benefit	Closed
Pension Plus	Hybrid	Closed
Defined Contribution	Defined Contribution	Open
Pension Plus II	Hybrid	Open

***Membership***

At September 30, 2018, the System's membership consisted of the following:

Inactive plan members or their beneficiaries currently receiving benefits:	
Regular benefits	192,296
Survivor benefits	18,252
Disability benefits	6,070
<b>Total</b>	<b>216,618</b>
Inactive plan members entitled to but not yet receiving benefits:	
	<b>18,598</b>
Active plan members:	
Vested	99,009
Non-vested	108,723
<b>Total</b>	<b>207,732</b>
<b>Total plan members</b>	<b>442,948</b>

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***Benefits Provided***

Benefit provisions of the defined benefit pension plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit (DB) pension plan. Retirement benefits for DB plan members are determined by final average compensation and years of service. DB members are eligible to receive a monthly benefit when they meet certain age and service requirements. The System also provides disability and survivor benefits to DB plan members.

A DB member or Pension Plus plan member who leaves Michigan public school employment may request a refund of his or her member contributions to the retirement system account. A refund cancels a former member's rights to future benefits. However, returning members who previously received a refund of their contributions may reinstate their service through repayment of the refund upon satisfaction of certain requirements.

**Pension Reform 2010**

On May 19, 2010, the Governor signed Public Act 75 of 2010 into law. As a result, any member of MPSERS who became a member of MPSERS after June 30, 2010 is a Pension Plus member. Pension Plus is a hybrid plan that contains a pension component with an employee contribution (graded up to 6.4% of salary) and a flexible and transferable defined contribution (DC) tax-deferred account that earns an employer match of 50% (up to 1% of salary) on employee contributions. Retirement benefits for Pension Plus members are determined by final average compensation and years of service. Disability and survivor benefits are available to Pension Plus members.

**Pension Reform 2012**

On September 4, 2012, the Governor signed Public Act 300 of 2012 into law. The legislation grants all active members who first became a member before July 1, 2010 and who earned service credit in the 12 months ending September 3, 2012, or were on an approved professional services or military leave of absence on September 3, 2012, a voluntary election regarding their pension. Any changes to a member's pension are effective as of the member's *transition date*, which is defined as the first day of the pay period that begins on or after February 1, 2013. Under the reform, members voluntarily chose to increase, maintain, or stop their contributions to the pension fund.

Option 1 members voluntarily elected to increase their contributions to the pension fund as noted below, and retain the 1.5% pension factor in their pension formula. The increased contribution would begin as of their transition date and continue until they terminate public school employment.

- Basic Plan members; 4% contribution
- Member Investment Plan (MIP)-Fixed, MIP-Graded, and MIP-Plus members: a flat 7% contribution

Option 2 members voluntarily elected to increase their contribution to the pension fund as stated in Option 1 and retain the 1.5% pension factor in their pension formula. The increased contribution would begin as of their transition date and continue until they reach 30 years of service. If and when they reach 30 years of service, their contribution rates will return to the previous level in place as of the day before their transition date (0% for Basic Plan members, 3.9% for MIP-Fixed, up to 4.3% for MIP-Graded, or up to 6.4% for MIP-Plus). The pension formula for any service thereafter would include a 1.25% pension factor.

Option 3 members voluntarily elected not to increase their contribution to the pension fund and maintain their current level of contribution to the pension fund. The pension formula for their years of service as of the day before their transition date will include a 1.5% pension factor. The pension formula for any service thereafter will include a 1.25% pension factor.

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Option 4 members voluntarily elected to no longer contribute to the pension fund and therefore are switched to the Defined Contribution plan for future service as of their transition date. As a DC participant they receive a 4% employer contribution to a tax-deferred 401(k) account and can choose to contribute up to the maximum amounts permitted by the IRS to a 457 account. They vest in employer contributions and related earnings in their 401(k) account based on the following schedule: 50% at 2 years, 75% at 3 years, and 100% at 4 years of service. They are 100% vested in any personal contributions and related earnings in the 457 account. Upon retirement, if they meet age and service requirements (including their total years of service), they would also receive a pension (calculated based on years of service and Final Average Compensation as of the day before their transition date and a 1.5% pension factor).

Members who did not make an election before the deadline defaulted to Option 3 as described above. Deferred or nonvested public school employees on September 3, 2012, who return to public school employment on or after September 4, 2012, will be considered as if they had elected Option 3 above. Returning members who made the retirement plan election will retain whichever option they chose.

Employees who first work on or after September 4, 2012, choose between two retirement plans: the Pension Plus plan described above and a Defined Contribution (DC) plan that provides a 50% employer match (up to 3% of salary) on employee contributions. New employees are automatically enrolled as members in the Pension Plus plan as of their date of hire. They have 75 days from the last day of their first pay period, as reported to ORS, to elect to opt out of the Pension Plus plan and become a qualified participant in the DC plan; if no election is made they will remain in the Pension Plus plan. If they elect to opt out of the Pension Plus plan, their participation in the DC plan will be retroactive to their date of hire.

### **Pension Reform of 2017**

On July 13, 2017, the Governor signed Public Act 92 of 2017 into law. The legislation closed the current hybrid plan (Pension Plus) to newly hired employees as of February 1, 2018 and creates a new optional revised hybrid plan with similar plan benefit calculations but containing a 50/50 cost share between the employee and the employer, including the cost of future unfunded liabilities. The assumed rate of return on the new hybrid plan is 6%. Further, the law provides that, under certain conditions, the new hybrid plan would close to new employees if the actuarial funded ratio falls below 85% for two consecutive years. The law includes other provisions to the retirement eligibility age, plan assumptions, and unfunded liability payment methods.

### **Regular Retirement**

The retirement benefit for DB and Pension Plus plan members is based on a member's years of credited service (employment) and final average compensation (FAC). The FAC is calculated based on the member's highest total wages earned during a specific period of consecutive calendar months divided by the service credit accrued during that same time period. For a Member Investment Plan (MIP) member who became a member of MPSERS prior to July 1, 2010, the averaging period is 36 consecutive months. For a Pension Plus member who became a member of MPSERS after June 30, 2010, the averaging period is 60 consecutive months. For a Basic Plan member, this period is the 60 consecutive months yielding the highest total wages. The annual pension is paid monthly for the lifetime of a retiree. The calculation of a member's pension is determined by their pension election under PA 300 of 2012 and is shown below:

Option 1:  $FAC \times \text{total years of service} \times 1.5\%$

Option 2:  $FAC \times 30 \text{ years of service} \times 1.5\% + FAC \times \text{years of service beyond 30} \times 1.25\%$

Option 3:  $FAC \times \text{years of service as of transition date} \times 1.5\% + FAC \times \text{years of service after transition date} \times 1.25\%$

Option 4:  $FAC \text{ as of transition date} \times \text{years of service as of transition date} \times 1.5\%$



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A MIP member who became a member of MPSERS prior to July 1, 2010 may retire at:

- age 46 with 30 or more years of credited service; or
- age 60 with 10 or more years of credited service; or
- age 60 with 5 years of credited service provided the member has worked through his or her 60<sup>th</sup> birthday and has credited service in each of the five school fiscal years immediately preceding the retirement effective date.

A Pension Plus member may retire at age 60 with 10 or more years of credited service.

A Pension Plus II member may retire at age 60 with 10 or more years of credited service. Section 81c(5) of PA 300 as amended requires the regular retirement age to be increased in whole year increments based on the results of mortality analysis five-year actuarial experience studies performed after October 1, 2019 and the actuarial funding status of the plan. If the regular retirement age for Pension Plus II members is increased in accordance with this provision, members within five years of retirement from the effective date of the increase are automatically exempted and the retirement board may additionally authorize those between five and eight years of the then current retirement age to be exempted.

A Basic Plan member may retire at:

- age 55 with 30 or more years of credited service; or
- age 60 with 10 or more years of credited service.

There is no mandatory retirement age.

### **Early Retirement**

A MIP or Basic member may retire with an early permanently reduced pension:

- after completing at least 15 but less than 30 years of credited service; and
- after attaining age 55; and
- with credited service in each of the 5 school years immediately preceding the pension effective date.

The early pension is computed in the same manner as a regular pension, but is permanently reduced 0.5% for each full and partial month between the pension effective date and the date the member will attain age 60.

### **Deferred Retirement**

If a member terminates employment before attaining the age qualification, but after accruing 10 or more years of credited service, the member becomes a deferred member and is eligible for a pension at the time the age qualification is attained.

### **Non-Duty Disability Benefit**

A member with 10 or more years of credited service who becomes totally and permanently disabled due to any non-duty related cause and who has not met the age requirement for a regular pension is eligible for a non-duty disability pension computed in the same manner as an age and service pension, upon recommendation from the member's personal physician and the Retirement Board physician and the approval of the Retirement Board. An Annual Certification of Disability is conducted each January. Upon prior approval, total disability benefits plus authorized outside earnings are limited to 100% of final average compensation (increased by two percent for each year retired; first year 100%, next year 102%, etc.).

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### **Duty Disability Benefit**

A member who becomes totally and permanently disabled as a result of a duty-related cause, who has not met the age and service requirement for a regular pension, and who is in receipt of weekly workers' compensation is eligible for a duty disability pension computed in the same manner as an age and service pension (but based upon a minimum of 10 years of service) upon recommendation from the member's personal physician and the Retirement Board physician and the approval of the Retirement Board. An Annual Certification of Disability is conducted each January. Upon prior approval, total disability benefits plus authorized outside earnings are limited to 100% of final average compensation (increased by 2% for each year retired; first year 100%, next year 102%, etc.).

### **Forms of Payment**

The election of a pension option is made at the time of application. Once a member has retired, the option choice is irrevocable. The pension effective date is the first of the calendar month following the date the member has satisfied the age and service requirements, has terminated public school employment and has the completed application forms on file with the System for a period of 15 days. A retroactive pension can be paid for no more than 12 calendar months. Thus, delay in filing the application can result in a loss of some retroactive pension benefits. An applicant may select only one of the following options.

Straight Life Pension – the Straight Life Pension pays the largest level pension a retiree can receive during his or her lifetime and stops with the month of the retiree's death. There are no monthly benefits for a beneficiary. The pension benefit is computed with no beneficiary rights. If the retiree made contributions while an employee and has not received the total accumulated contributions before death, a refund of the balance of the contributions is made to the beneficiary of record. If the retiree did not make any contributions, there will not be payments to any beneficiary.

Survivor Options - Under the Survivor Options, 100% Survivor Pension, 100% Equated, 75% Survivor Pension, 75% Equated, 50% Survivor Pension and 50% Equated, the reduction is an actuarial determination dependent upon the combined life expectancies of a retiree and a beneficiary, and varies from case to case. A beneficiary may only be a spouse, brother, sister, parent or child (including an adopted child) of a retiring member. If the beneficiary predeceases a retiree, the pension will revert to either the Straight Life or Straight Life Equated amount ("pop-up" provision). If, however, a retiree was single at the time of retirement and subsequently married, the retiree can request to nominate a new spouse if they elected the straight life option at retirement. Also, if a retiree was married at the time of retirement and has since been widowed and remarried, the retiree can request to nominate a new spouse as a pension beneficiary as long as they elected a survivor option for the spouse at the time of retirement.

100% Survivor Pension – pays a reduced pension to a retiree. The month after a retiree's death, the same amount will be paid to a designated beneficiary for the remainder of his or her lifetime.

75% Survivor Pension – pays a reduced pension to a retiree. The month after a retiree's death, 75% of the pension amount will be paid to a designated beneficiary for the remainder of his or her lifetime.

50% Survivor Pension – pays a reduced pension to a retiree. The month after a retiree's death, 50% of the pension amount will be paid to a designated beneficiary for the remainder of his or her lifetime.

Equated Plan – The Equated Plan may be combined with the Straight Life, 100% Survivor, 75% Survivor, or 50% Survivor pension by any member under age 61, except a disability applicant. The Equated Plan provides a higher pension every month until age 62, at which time the monthly pension is permanently decreased to a lower amount than the Straight Life, 100%, 75%, or 50% Survivor alone would provide.

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The intent of the Equated Plan is for the retiree's pension to decrease at age 62 by approximately the same amount as that person's Social Security benefit will provide. The System pension until age 62 should be about the same as the combined System pension and Social Security after age 62.

The projected Social Security pension the retiring member obtains from the Social Security Administration and furnishes to the System is used in the Equated Plan calculation. The actual Social Security pension may vary from the estimate.

NOTE: The reduction in the pension at age 62 pertains to the Equated Plan only and affects only the retiree. A beneficiary under 100% Equated, 75% Equated or 50% Equated will receive the 100%, 75%, or 50% Survivor amount the month following the retiree's death as if the Equated Plan had not been chosen. A beneficiary does not participate in the Equated Plan.

### **Survivor Benefit**

A non-duty survivor pension is available if a MIP member has 10 years of credited service or, if age 60 or older, with five years of credited service; the date they became a MIP member does not matter. The Basic Plan provides a survivor pension with 15 years of credited service or, if age 60 or older, with 10 years of credited service the Pension Plus plan provides for a survivor pension with 10 years of credited service. An active member may nominate as a survivor beneficiary a spouse, child(ren) (including adopted child(ren)), brother, sister, or parent. If other than the spouse is nominated and a spouse exists, the spouse must waive this benefit. If no beneficiary has been nominated, the beneficiary is automatically the spouse; or, if there is no spouse, unmarried children under age 18 share the benefit equally until age 18. The benefit is computed as a regular pension but reduced in accordance with an Option 2 (100% survivor pension factor). The pension begins the first of the month following the member's death. In the event of death of a deferred member, the System begins payment to the nominated beneficiary at the time the member would have attained the minimum age qualification.

A duty survivor pension is payable if weekly Workers' Compensation is being paid to the eligible beneficiary due to the member's death. A spouse receives the benefit (based on a minimum of 10 years of service credit) reduced in accordance with a 100% survivor pension factor. If there is no spouse, unmarried children under age 18 share the benefit equally until age 18; if there is no spouse or child(ren), a disabled and dependent parent is eligible.

### **Post-Retirement Adjustments**

A retiree who became a MIP member prior to July 1, 2010, receives an annual post-retirement non-compounded increase of three percent of the initial pension in the October following twelve months of retirement. Basic Plan members do not receive an annual post-retirement increase, but are eligible to receive a supplemental payment in those years when investment earnings exceed actuarial assumptions. Pension Plus members do not receive an annual post-retirement increase.

On January 1, 1990, pre-October 1, 1981 retirees received an increase that ranged from 1% to 22% dependent upon the pension effective date. On October 1, 1990, the base pension of all retirees with an effective pension date of January 1, 1987, or earlier was increased to include all prior post-retirement adjustments.

On January 1, 1986, all recipients through calendar year 1985 received a permanent 8% increase that established the 1986 base pension. In addition, each October, retirees with a pension effective date of January 1, 1987, or earlier receive a fixed increase equal to 3% of the base pension. Both increases are deducted from the distribution of excess investment income, if any. Beginning in 1983, eligible recipients receive an annual distribution of excess investment income, if any.

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***Contributions and Funded Status***

Employers are required by Public Act 300 of 1980, as amended, to contribute amounts necessary to finance the coverage of active and retired members. Contribution provisions are specified by State statute and may be amended only by action of the State Legislature.

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under the method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability will be amortized over a 21 year period for the 2018 fiscal year.

The schedule below summarized pension contribution rate in effect for the plan fiscal year 2018.

**Pension Contribution Rates:**

<b>Plan Name</b>	<b>Member</b>	<b>District</b>
Member Investment Plan (MIP)	0.0 – 4.0%	17.89%
Basic	3.0 – 7.0 %	17.89%
Pension Plus	3.0 – 6.4%	16.61%
Pension Plus II	6.2%	19.74%

The District's contributions to MPSERS under all pension plans for the year ended June 30, 2019, inclusive of the MSPERS UAAL Stabilization, totaled \$6,658,442.

***MPSERS Plan Net Pension Liability (in thousands)***

Total Pension Liability	\$ 81,044,341
Plan Fiduciary Net Position	<u>50,343,498</u>
Net Pension Liability	<u>\$ 30,700,843</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	62.12%
Net Pension Liability as a Percentage of Covered Employee Payroll	357.66%
Total Covered Payroll	\$ 8,583,695

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***Proportionate Share of Reporting Unit's Net Pension Liability***

At June 30, 2019, the District reported a liability of \$72,423,470 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that September 30, 2017. The District's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the System during the measurement period by the percent of the pension contributions required from all applicable employers during the measurement period. At September 30, 2018 the District's proportion was .24091524%, which was an increase from .23773689% at September 30, 2017.

***Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

For the year ended June 30, 2019, the District recognized pension expense of \$10,394,387. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 336,058	\$ 526,289
Changes of assumptions	16,773,216	—
Net difference between projected and actual earnings on pension plan investment earnings	—	4,951,924
Changes in proportion and differences between District contributions and proportionate share of contributions	2,269,436	64,071
District contributions subsequent to the measurement date*	6,007,525	—
<b>Total</b>	<b>\$ 25,386,235</b>	<b>\$ 5,542,284</b>

\*This amount, reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2020.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended June 30</b>	<b>Amount</b>
2020	\$ 5,899,176
2021	4,151,045
2022	2,721,333
2023	1,064,872

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***Actuarial Assumptions***

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions:

Valuation Date:	September 30, 2017
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	2.75%
Investment Rate of Return:	
MIP and Basic Plans (Non-Hybrid):	7.05%
Pension Plus Plan (Hybrid):	7.00%
Pension Plus II:	6.00%
Projected Salary Increases:	2.75% - 11.55%, including wage inflation of 2.75%
Cost-of-Living Adjustments:	3% annual non-compounded for MIP members
Mortality:	
Retirees:	RP-2014 Male and Female Healthy Annuitant Mortality Tables, scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Active Members:	RP-2014 Male and Female Employee Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Disabled Retirees	RP-2014 Male and Female Disabled Annuitant Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.

Notes:

- Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2017 valuation. The total pension liability as of September 30, 2018, is based on the results of an actuarial valuation date of September 30, 2017, and rolled forward using generally accepted actuarial procedures, including the experience study.
- Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: [4.5304 for non-university employers or 1.0554 for university employers]
- Recognition period for assets in years: 5.0000
- Full actuarial assumptions are available in the 2018 MPSERS Comprehensive Annual Financial Report found on the ORS website at ([www.michigan.gov/orsschools](http://www.michigan.gov/orsschools)).

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***Long-Term Expected Rate of Return on Investments***

The long-term expected rate of return on pension plan investments was determined using a method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2018 are summarized in the following table:

<u>Investment Category</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return*</u>
Domestic Equity Pools	28.0%	5.7%
Private Equity Pools	18.0%	9.2%
International Equity Pools	16.0%	7.2%
Fixed Income Pools	10.5%	0.5%
Real Estate & Infrastructure Pools	10.0%	3.9%
Absolute Return Pools	15.5%	5.2%
Short-term Investment Pools	2.0%	0.0%
<b>Total</b>	<b>100.0%</b>	

\* Long-term rates return are net of administrative expenses and 2.3% inflation.

**Rate of Return**

For the fiscal year ended September 30, 2018, the annual money-weighted rate of return on pension plan investment, net of pension plan investment expense, was 11.11%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changed amounts actually invested.

***Discount Rate***

A discount rate of 7.05% was used to measure the total pension liability (7.0% for the Pension Plus plan, 6.0% for the Pension Plus II plan provided through non-university employers only). This discount rate was based on the long-term expected rate of return on pension plan investments of 7.05% (7.0% for the Pension Plus plan, 6.0% for the Pension Plus II plan). The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.



**BYRON CENTER PUBLIC SCHOOLS**  
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***Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate***

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.05 percent (7.0% for Pension Plus and 6.0% for Pension Plus II Plans), as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher:

	<b>1% Decrease</b> <b>6.05%/6.0%/5.0%</b>	<b>Current Discount</b> <b>Rate</b> <b>7.05%/7.0%/6.0%</b>	<b>1% Increase</b> <b>8.05%/8.0%/7.0%</b>
District's proportionate share of the net pension liability	\$ 95,086,423	\$ 72,423,470	\$ 53,594,241

***Michigan Public School Employees Retirement System (MPERS) Fiduciary Net Position***

Detailed information about the pension plan's fiduciary net position is available in the separately issued Michigan Public School Employees Retirement System September 30, 2018 Comprehensive Annual Financial Report, available here: ([www.michigan.gov/orsschools](http://www.michigan.gov/orsschools)).

***Payables to the Michigan Public School Employee Retirement System (MPERS)***

Payables to the pension plan totaling \$892,973 at June 30, 2019 arise from the normal legally required contributions based on the accrued salaries payable at year-end, expected to be liquidated with expendable available financial resources.

**Note H – Other Postemployment Benefits**

***Plan Description***

The Michigan Public School Employees' Retirement System (MPERS or "System") is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (State) originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the board's authority to promulgate or amend the provisions of the System. The board consists of twelve members— eleven appointed by the Governor and the State Superintendent of Instruction, who serves as an ex-officio member.

The System's health plan provides all eligible retirees with the option of receiving health, prescription drug, dental and vision coverage under the Michigan Public School Employees' Retirement Act (1980 PA 300 as amended).

The System is administered by the Office of Retirement Services (ORS) within the Michigan Department of Technology, Management & Budget. The Department Director appoints the Office Director, with whom the general oversight of the System resides. The State Treasurer serves as the investment officer and custodian for the System.

The System's financial statements are available on the ORS website at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).



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***Plan Participants***

At September 30, 2018, the System's membership consisted of the following:

Eligible participants	395,292
Participants receiving benefits:	
Health	152,300
Dental/Vision	164,805
Vested plan members:	
Active	195,563
Non-active	2,452

***Benefits Provided***

Benefit provisions of the postemployment healthcare plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions. Retirees have the option of health coverage, which, through 2012, was funded on a cash disbursement basis. Beginning fiscal year 2013, it is funded on a prefunded basis. The System has contracted to provide the comprehensive group medical, prescription drug, dental and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by the System with the balance deducted from the monthly pension of each retiree healthcare recipient. For members who first worked before July 1, 2008, (Basic, MIP-Fixed, and MIP Graded plan members) the subsidy is the maximum allowed by statute. To limit future liabilities of Other Postemployment Benefits, members who first worked on or after July 1, 2008 (MIP-Plus plan members) have a graded premium subsidy based on career length where they accrue credit towards their insurance premiums in retirement, not to exceed the maximum allowable by statute. Public Act 300 of 2012 sets the maximum subsidy at 80% beginning January 1, 2013; 90% for those Medicare eligible and enrolled in the insurances as of that date. Dependents are eligible for healthcare coverage if they meet the dependency requirements set forth in Public Act 300 of 1980, as amended.

***Retiree Healthcare Reform of 2012***

Public Act 300 of 2012 granted all active members of the Michigan Public School Employees Retirement System, who earned service credit in the 12 months ending September 3, 2012 or were on an approved professional services or military leave of absence on September 3, 2012, a voluntary election regarding their retirement healthcare. Any changes to a member's healthcare benefit are effective as of the member's transition date, which is defined as the first day of the pay period that begins on or after February 1, 2013.

Under Public Act 300 of 2012, members were given the choice between continuing the 3% contribution to retiree healthcare and keeping the premium subsidy benefit described above, or choosing not to pay the 3% contribution and instead opting out of the subsidy benefit and becoming a participant in the Personal Healthcare Fund (PHF), a portable, tax-deferred fund that can be used to pay healthcare expenses in retirement. Participants in the PHF are automatically enrolled in a 2% employee contribution into their 457 account as of their transition date, earning them a 2% employer match into a 401(k) account. Members who selected this option stop paying the 3% contribution to retiree healthcare as of the day before their transition date, and their prior contributions were deposited into their 401(k) account.

**BYRON CENTER PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2019**

***Contributions and Funded Status***

Employers are required by Public Act 300 of 1980, as amended, to contribute amounts necessary to finance the coverage of active and retired members. Contribution provisions are specified by State statute and may be amended only by action of the State Legislature.

Employer OPEB contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2017 valuation will be amortized over a 21-year period for the 2018 fiscal year.

The schedule below summarizes OPEB contribution rates in effect for fiscal year 2018:

**OPEB Contribution Rates:**

<b>Benefit Structure</b>	<b>Member</b>	<b>District</b>
Premium Subsidy	3.0%	6.44%
Personal Healthcare Fund (PHF)	0.0 %	6.13%

Required contributions to the OPEB plan from the District were \$1,679,863 for the year ended September 30, 2018.

***Net OPEB Liability (in thousands)***

Total OPEB Liability	\$ 14,178,834
Plan Fiduciary Net Position	6,111,241
Net OPEB Liability	\$ 8,067,593
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	43.10%
Net OPEB Liability as a Percentage of Covered Employee Payroll	93.99%
Total Covered Payroll	\$ 8,583,695

At June 30, 2019, the District reported a liability of \$19,411,253 for its proportionate share of the MPSERS net OPEB liability. The net OPEB liability was measured as of September 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation rolled forward from September 2017. The District's proportion of the net OPEB liability was determined by dividing each employer's statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2018 the District's proportion was .24419890%, which was an increase from .23829060% at September 30, 2017.

**BYRON CENTER PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2019**

***OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

For the year ended June 30, 2019, the District recognized OPEB expense of \$1,043,458. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ —	\$ 3,612,933
Changes of assumptions	2,055,662	—
Net difference between projected and actual earnings on OPEB plan investment earnings	—	746,021
Changes in proportion and differences between District contributions and proportionate share of contributions	445,863	4,985
District contributions subsequent to the measurement date*	1,499,612	—
<b>Total</b>	<b>\$ 4,001,137</b>	<b>\$ 4,363,939</b>

\* This amount, reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Year ended June 30</b>	<b>Amount</b>
2020	\$ (472,905)
2021	(472,905)
2022	(472,905)
2023	(320,880)
2024	(122,819)

***Actuarial Assumptions***

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the of the calculations.

**BYRON CENTER PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2019**

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Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions:

Valuation Date:	September 30, 2017
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	2.75%
Investment Rate of Return:	7.15%
Projected Salary Increases:	2.75% - 11.55%, including wage inflation of 2.75%
Healthcare Cost Trend Rate:	7.5% Year 1 graded 3.0% Year 12
Mortality:	
Retirees:	RP-2014 Male and Female Healthy Annuitant Mortality Tables, scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Active Members:	RP-2014 Male and Female Employee Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Disabled Retirees:	RP-2014 Male and Female Disabled Annuitant Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006
Other Assumptions:	
Opt Out Assumptions	21% of eligible participants hired before July 1, 2008 and 30% of those hired after June 30, 2008 are assumed to opt out of the retiree health plan
Survivor Coverage	80% of male retirees and 67% of female retirees are assumed to have coverages continuing after the retiree's death
Coverage Election at Retirement	75% of male and 60% of female future retirees are assumed to elect coverage for 1 or more dependents

Notes:

- Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual OPEB valuations beginning with the September 30, 2017 valuation. The total OPEB liability as of September 30, 2018, is based on the results of an actuarial valuation date of September 30, 2017, and rolled forward using generally accepted actuarial procedures, including the experience study.
- Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: [5.6018 for non-university employers or 1.3472 for university employers].
- Recognition period for assets in years: 5.0000
- Full actuarial assumptions are available in the 2018 MPSERS Comprehensive Annual Financial Report found on the ORS website at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).

**BYRON CENTER PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2019**

***Long-Term Expected Rate of Return on Investments***

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of September 30, 2018, are summarized in the following table:

<b>Investment Category</b>	<b>Target Allocation</b>	<b>Long-term Expected Real Rate of Return*</b>
Domestic Equity Pools	28.0%	5.7%
Private Equity Pools	18.0%	9.2%
International Equity Pools	16.0%	7.2%
Fixed Income Pools	10.5%	0.5%
Real Estate & Infrastructure Pools	10.0%	3.9%
Absolute Return Pools	15.5%	5.2%
Short-term Investment Pools	2.0%	0.0%
<b>Total</b>	<b>100.0%</b>	

\* Long-term rates of return are net of administrative expenses and 2.3% inflation.

***Rate of Return***

For the fiscal year ended September 30, 2018, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was 10.75%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

***Discount Rate***

A discount rate of 7.15% was used to measure the total OPEB liability. This discount rate was based on the long-term expected rate of return on OPEB plan investments of 7.15%. The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**BYRON CENTER PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2019**

***Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate***

The following presents the District's proportionate share of the net OPEB liability calculated using the discount rate of 7.15 percent, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher:

	<b>1% Decrease 6.15%</b>	<b>Current Discount Rate Assumption 7.15%</b>	<b>1% Increase 8.15%</b>
District's proportionate share of the net OPEB liability	\$ 23,302,814	\$ 19,411,253	\$ 16,137,974

***Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Healthcare Cost Trend Rate***

The following presents the District's proportionate share of the net OPEB liability calculated using assumed trend rates, as what the District's proportionate share of the net OPEB liability would be if it were calculated using a trend rate that is 1 percentage point lower or 1 percentage point higher:

	<b>1% Decrease 6.5%</b>	<b>Current Healthcare Cost Trend Rate 7.5%</b>	<b>1% Increase 8.5%</b>
District's proportionate share of the net OPEB liability	\$ 15,965,542	\$ 19,411,253	\$ 23,364,187

***OPEB Plan Fiduciary Net Position***

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued 2018 MPSERS CAFR, available on the ORS website at [www.michigan.gov/orschools](http://www.michigan.gov/orschools).

***Payables to the OPEB Plan***

Payables to the OPEB plan totaling \$182,158 at June 30, 2019 arise from the normal legally required contributions based on the accrued salaries payable at year-end, expected to be liquidated with expendable available financial resources.

**Note I – Risk Management and Benefits**

The District is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The District has purchased commercial insurance for property loss, errors and omissions, workers' compensation, health benefits, and dental and vision benefits provided to employees. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

There were no significant reductions in insurance coverage in fiscal 2018-19 and as of year ended June 30, 2019, there were no material pending claims against the District.

**BYRON CENTER PUBLIC SCHOOLS**  
**Notes to Basic Financial Statements**  
**June 30, 2019**

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**Note J – Stewardship, Compliance and Accountability**

The District has an unrestricted net position deficit of \$64,787,913 and a total net position deficit of \$53,409,051, as of June 30, 2019. These deficit net positions result primarily from the net pension liability of \$52,579,519 and the net OPEB liability of \$19,774,055 (including deferred outflows and inflows of resources) related to the pension plan and OPEB plan.

**Note K – Commitments**

On June 28, 2017, the District issued \$56,535,000 of general obligations 2017 Construction Bonds whose proceeds are being used for land improvements, building renovations and additions and furniture and equipment purchases. At June 30, 2019, unspent balances committed to these construction projects totaled \$31,592,619, which are expected to be fully expended by the year ended June 30, 2020.

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## **REQUIRED SUPPLEMENTARY INFORMATION**

**BYRON CENTER PUBLIC SCHOOLS**  
**Required Supplementary Information**  
**Schedule of the District's Proportionate Share of the Net Pension Liability**  
**MPERS Cost-sharing Multiple-employer Plan**  
**June 30, 2019**

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	<u>Year Ended June 30, 2015</u>	<u>Year Ended June 30, 2016</u>	<u>Year Ended June 30, 2017</u>
District's proportion of the net pension liability	0.21439511%	0.22550901%	0.23274125%
District's proportionate share of the net pension liability	\$ 47,223,746	\$ 55,080,636	\$ 58,067,038
District's covered-employee payroll	\$ 18,273,073	\$ 18,908,348	\$ 19,972,998
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	258.43%	291.30%	290.73%
Plan fiduciary net position as a percentage of the total pension liability	66.15%	66.20%	63.01%

The amounts presented for each fiscal year were determined as of September 30th of the preceding year.

Note: GASB Statement No 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

See accompanying notes to required supplementary information.

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<u>Year Ended June 30, 2018</u>	<u>Year Ended June 30, 2019</u>
0.23773689%	0.24091524%
\$ 61,607,735	\$ 72,423,470
\$ 20,055,824	\$ 20,820,987
307.18%	347.84%
63.96%	62.12%

**BYRON CENTER PUBLIC SCHOOLS**  
**Required Supplementary Information**  
**Schedule of the District's Proportionate Share of the Net OPEB Liability**  
**MPSERS Cost-sharing Multiple-employer Plan**  
**June 30, 2019**

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	<u>Year Ended June 30, 2018</u>	<u>Year Ended June 30, 2019</u>
District's proportion of the net OPEB liability	0.23829060%	0.24419890%
District's proportionate share of the net OPEB liability	\$ 21,101,755	\$ 19,411,253
District's covered-employee payroll	\$ 20,055,824	\$ 20,820,987
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	105.22%	93.23%
Plan fiduciary net position as a percentage of the total OPEB liability	36.53%	43.10%

The amounts presented for each fiscal year were determined as of September 30 of the preceding year.

Note: GASB Statement No 75 was implemented in fiscal year 2018. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

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**BYRON CENTER PUBLIC SCHOOLS**  
**Required Supplementary Information**  
**Schedule of District Pension Contributions**  
**MPERS Cost-sharing Multiple-employer Plan**  
**June 30, 2019**

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	Year Ended June 30, 2015	Year Ended June 30, 2016	Year Ended June 30, 2017
Contractually required contribution	\$ 5,872,421	\$ 5,818,830	\$ 6,251,498
Contributions in relation to the contractually required contribution	<u>5,872,421</u>	<u>5,818,830</u>	<u>6,251,498</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 18,881,489	\$ 19,186,215	\$ 19,868,739
Contributions as a percentage of covered employee payroll	31.10%	30.33%	31.46%

Note: GASB Statement No 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

<u>Year Ended June 30, 2018</u>	<u>Year Ended June 30, 2019</u>
\$ 6,137,356	\$ 6,658,442
<u>6,137,356</u>	<u>6,658,442</u>
<u>\$ -</u>	<u>\$ -</u>
\$ 20,718,663	\$ 21,476,041
29.62%	31.00%

**BYRON CENTER PUBLIC SCHOOLS**  
**Required Supplementary Information**  
**Schedule of District OPEB Contributions**  
**MPSERS Cost-sharing Multiple-employer Plan**  
**June 30, 2019**

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	<u>Year Ended June 30, 2018</u>	<u>Year Ended June 30, 2019</u>
Contractually required contribution	\$ 1,516,494	\$ 1,679,863
Contributions in relation to the contractually required contribution	<u>1,516,494</u>	<u>1,679,863</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 20,718,663	\$ 21,476,041
Contributions as a percentage of covered employee payroll	7.32%	7.82%

Note: GASB Statement No 75 was implemented in fiscal year 2018. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.



**BYRON CENTER PUBLIC SCHOOLS**  
**Notes to Required Supplementary Information**  
**June 30, 2019**

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**Note A - Net Pension Liability and Contributions**

**Changes of benefit terms:** There were no changes of benefit terms in 2018-19.

**Changes of assumptions:** There were no changes of benefit assumptions in 2018-19.

**Note B - Net Pension OPEB Liability and Contributions**

**Changes of benefit terms:** There were no changes of benefit terms in 2018-19.

**Changes of assumptions:** There were no changes of benefit assumptions in 2018-19

## **SUPPLEMENTARY INFORMATION**

## **GENERAL FUND**

To account for resources which are traditionally associated with the general operation of the District and not required to be accounted for in another fund.

**BYRON CENTER PUBLIC SCHOOLS**  
**General Fund**  
**Comparative Balance Sheet**  
**June 30, 2019 and 2018**

	2019	2018
<b>Assets</b>		
Cash equivalents, deposits and investments	\$ 5,561,280	\$ 4,542,279
Accounts receivable	19,929	17,049
Due from other funds	16,750	10,124
Due from other governmental units	6,366,182	5,749,116
Prepaid expenditures	167,210	33,056
<b>Total Assets</b>	<b>\$ 12,131,351</b>	<b>\$ 10,351,624</b>
 <b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ 427,704	\$ 373,951
Due to other funds	10,992	5,426
Due to other governmental units	1,659,423	1,516,617
Salaries payable	2,268,399	2,177,503
Unearned revenue	20,679	1,948
<b>Total Liabilities</b>	<b>4,387,197</b>	<b>4,075,445</b>
<b>Fund Balances</b>		
Nonspendable	167,210	33,056
Committed for future building expansion	889,327	400,000
Assigned for future expenditures	29,800	13,049
Unassigned	6,657,817	5,830,074
<b>Total Fund Balances</b>	<b>7,744,154</b>	<b>6,276,179</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 12,131,351</b>	<b>\$ 10,351,624</b>

**BYRON CENTER PUBLIC SCHOOLS**  
**General Fund**  
**Comparative Schedule of Revenues**  
**For the years ended June 30, 2019 and 2018**

	2019	2018
Local sources:		
Property taxes:		
Current property taxes	\$ 5,621,697	\$ 5,207,250
Delinquent and other property taxes	5,433	2,459
Interest on delinquent taxes	4,480	2,080
	<u>5,631,610</u>	<u>5,211,789</u>
Tuition	6,088	-
Interest earnings:		
Interest on deposits and investments	97,834	43,737
Revenue from student activities:		
Admissions	94,004	105,694
Pay to participate	92,626	90,677
Entry fees	5,978	10,146
Miscellaneous	141,555	227,221
	<u>334,163</u>	<u>433,738</u>
Other local revenue:		
Field trips	34,153	43,382
Student insurance	95,998	93,291
Universal service credit	13,225	42,978
Rental of school property	3,853	21,572
Sale of school property	10,065	1,505
Refunds of expenditures	71,562	60,536
Miscellaneous	15,494	97,028
	<u>244,350</u>	<u>360,292</u>
Total local sources	6,314,045	6,049,556
Non-educational entity sources:		
Crossing guard	22,566	22,976
Resource officer	37,652	37,753
Total non-educational entity sources	<u>60,218</u>	<u>60,729</u>
State sources:		
State aid	32,147,876	30,327,854
Technology infrastructure grant	261,124	-
Special education - transportation	445,125	504,910
Special education - itinerants	84,315	80,066
Educator Evaluation	-	8,084
Other grants	6,271	-
Total state sources	<u>32,944,711</u>	<u>30,920,914</u>
Federal sources:		
Title I	254,868	270,994
Title II-A	105,528	95,306
Title III	10,963	15,352
Title IV-A	17,370	5,499
I.D.E.A. program	787,427	777,130
Medicaid - school based	4,892	5,965
Total federal sources	<u>1,181,048</u>	<u>1,170,246</u>

(Continued)

**BYRON CENTER PUBLIC SCHOOLS**  
**General Fund**  
**Comparative Schedule of Revenues**  
**For the years ended June 30, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
Interdistrict sources:		
ISD collected millage	\$ 2,915,454	\$ 2,711,189
Special education - other local districts	358,909	365,597
MPSERS - itinerants	92,954	78,705
Medicaid fee for service	271,743	171,793
GSRP	7,040	7,040
Bus driver safety	-	1,298
Total interdistrict sources	<u>3,646,100</u>	<u>3,335,622</u>
 <b>Total Revenues</b>	 <u><u>\$ 44,146,122</u></u>	 <u><u>\$ 41,537,067</u></u>

**BYRON CENTER PUBLIC SCHOOLS**  
**General Fund**  
**Comparative Schedule of Expenditures**  
**For the years ended June 30, 2019 and 2018**

	2019	2018
Current:		
Instruction:		
Basic programs:		
Elementary:		
Salaries	\$ 4,850,069	\$ 4,748,833
Employee benefits	3,677,616	3,604,584
Purchased services	283,516	245,700
Supplies	257,382	267,733
	9,231,320	8,866,850
Middle school:		
Salaries	4,049,476	3,841,243
Employee benefits	3,104,947	2,959,647
Purchased services	214,599	141,589
Supplies	132,922	330,860
Miscellaneous	26,600	2,265
	7,528,544	7,275,604
High school:		
Salaries	3,758,624	3,660,023
Employee benefits	2,829,315	2,798,662
Purchased services	236,697	198,589
Supplies	247,983	250,477
Miscellaneous	54,838	93,130
	7,235,911	7,000,881
Pre-kindergarten:		
Bright beginnings	8,273	-
Summer school:		
Salaries	3,319	2,908
Employee benefits	1,140	1,018
	4,459	3,926
Total basic programs	24,008,507	23,147,261
Added needs:		
Special education:		
Salaries	1,343,144	1,307,475
Employee benefits	720,845	696,448
Purchased services	60,605	36,980
Supplies	7,260	7,956
Payments to other districts	421,892	449,484
	2,553,746	2,498,343
Compensatory education:		
Salaries	592,314	536,757
Employee benefits	227,239	215,700
Purchased services	688	18,702
Supplies	9,878	47,099
	830,119	818,258
Total added needs	3,383,865	3,316,601
Total instruction	27,392,372	26,463,862

(Continued)

**BYRON CENTER PUBLIC SCHOOLS**  
**General Fund**  
**Comparative Schedule of Expenditures**  
**For the years ended June 30, 2019 and 2018**

	2019	2018
Supporting services:		
Pupil services:		
Guidance services:		
Salaries	\$ 644,789	\$ 602,563
Employee benefits	346,219	311,353
Supplies	30	25
Miscellaneous	4,739	90
	<u>995,777</u>	<u>914,031</u>
Health services:		
Purchased services	90,124	891
Supplies	6,141	207
Payments to other districts	143,060	137,754
	<u>239,325</u>	<u>138,852</u>
Psychological services:		
Purchased services	210	1,655
Supplies	812	2,561
Payments to other districts	182,298	189,530
	<u>183,320</u>	<u>193,746</u>
Speech pathology services:		
Purchased services	1,427	32,620
Supplies	2,691	1,850
Payments to other districts	557,726	471,704
	<u>561,844</u>	<u>506,174</u>
Social worker services:		
Purchased services	222	222
Supplies	45	724
Payments to other districts	358,877	340,830
	<u>359,144</u>	<u>341,776</u>
Teacher consultant services:		
Payments to other districts	-	419
	<u>-</u>	<u>419</u>
Other pupil services:		
Salaries	171,671	155,961
Employee benefits	60,307	53,825
Purchased services	24,050	13,852
	<u>256,028</u>	<u>223,638</u>
Total pupil services	<u>2,595,438</u>	<u>2,318,636</u>

(Continued)



**BYRON CENTER PUBLIC SCHOOLS**  
**General Fund**  
**Comparative Schedule of Expenditures**  
**For the years ended June 30, 2019 and 2018**

	2019	2018
Instructional staff services:		
Improvement of instruction:		
Salaries	\$ 37,000	\$ -
Employee benefits	20,976	-
Purchased services	120,818	123,201
Supplies	2,710	(80)
Miscellaneous	3,049	150
	<u>184,553</u>	<u>123,271</u>
Educational media services:		
Salaries	114,165	111,590
Employee benefits	40,289	37,308
Purchased services	135	100
Supplies	6,523	5,613
	<u>161,112</u>	<u>154,611</u>
Supervision and direction of instruction:		
Salaries	308,535	291,265
Employee benefits	192,769	178,418
Purchased services	6,627	3,501
Supplies	109	8,614
Miscellaneous	265	165
	<u>508,305</u>	<u>481,963</u>
Total instructional staff services	<u>853,970</u>	<u>759,845</u>
General administrative services:		
Board of education:		
Salaries	4,140	6,120
Employee benefits	334	189
Purchased services	122,814	168,188
Miscellaneous	11,254	8,014
	<u>138,542</u>	<u>182,511</u>
Executive administration:		
Salaries	293,853	292,774
Employee benefits	141,106	136,558
Purchased services	24,649	56,542
Supplies	7,476	11,733
Miscellaneous	1,912	8,954
Payments to other districts	-	1,000
	<u>468,996</u>	<u>507,561</u>
Total general administrative services	<u>607,538</u>	<u>690,072</u>
School administrative services:		
Office of the principal:		
Salaries	1,363,378	1,318,486
Employee benefits	736,913	716,779
Purchased services	102,138	72,806
Supplies	18,476	23,698
Miscellaneous	1,530	1,209
Total school administrative services	<u>2,222,435</u>	<u>2,132,978</u>

(Continued)

**BYRON CENTER PUBLIC SCHOOLS**  
**General Fund**  
**Comparative Schedule of Expenditures**  
**For the years ended June 30, 2019 and 2018**

	2019	2018
Business services:		
Fiscal services:		
Salaries	\$ 297,068	\$ 287,305
Employee benefits	199,844	193,452
Purchased services	17,049	8,936
Maintenance	23,606	23,343
Supplies	5,282	3,798
Miscellaneous	883	1,069
	543,732	517,903
Internal Services:		
Salaries	1,612	-
Employee benefits	516	-
Purchased services	63	-
	2,191	-
Other business services:		
Purchased services	47,498	46,743
Supplies	-	19,515
Miscellaneous	63,613	121,653
Payments to other districts	17,106	16,495
	128,217	204,406
Total business services	674,140	722,309
Operation and maintenance services:		
Operation and maintenance:		
Salaries	395,472	388,523
Employee benefits	211,629	207,819
Purchased services	1,512,967	1,552,011
Supplies	1,183,455	1,262,981
Miscellaneous	9,053	9,455
Payments to other districts	2,966	-
	3,315,542	3,420,789
Security services:		
Purchased services	75,303	75,506
Total operation and maintenance services	3,390,845	3,496,295
Pupil transportation services:		
Pupil transportation:		
Salaries	870,403	851,976
Employee benefits	357,097	349,396
Purchased services	179,440	176,104
Supplies	229,443	214,171
Miscellaneous	1,850	2,154
Payments to other districts	805,820	651,067
Total pupil transportation services	2,444,053	2,244,868
Central services:		
Planning, research, development, and evaluation:		
Salaries	20,000	25,000
Employee benefits	6,829	7,810
	26,829	32,810

(Continued)

**BYRON CENTER PUBLIC SCHOOLS**  
**General Fund**  
**Comparative Schedule of Expenditures**  
**For the years ended June 30, 2019 and 2018**

	2019	2018
Advertising:		
Salaries	\$ 10,000	\$ 10,000
Employee benefits	806	788
Purchased services	19,878	6,240
Supplies	889	-
	<u>31,573</u>	<u>17,028</u>
Personnel services:		
Salaries	185,528	169,692
Employee benefits	100,421	84,732
Purchased services	41,216	39,085
Supplies	996	370
Miscellaneous	1,115	908
Payments to other districts	40	80
	<u>329,316</u>	<u>294,867</u>
Technology services:		
Salaries	219,381	173,857
Employee benefits	142,010	110,303
Purchased services	274,961	209,554
Supplies	22,390	1,270
Dues and Fees	272	-
	<u>659,014</u>	<u>494,984</u>
Pupil accounting:		
Supplies	66,300	46,000
Employee benefits	22,077	11,057
Purchased services	1,244	-
Miscellaneous	85	60
	<u>89,706</u>	<u>57,117</u>
Total central services	<u>1,136,438</u>	<u>896,806</u>
Other supporting services:		
Athletics:		
Salaries	596,172	594,507
Employee benefits	220,358	241,381
Purchased services	179,817	173,478
Supplies	126,409	116,351
Capital outlay	-	8,460
Miscellaneous	16,218	14,659
	<u>1,138,974</u>	<u>1,148,836</u>
Food service:		
Employee benefits	-	494
Total other supporting services	<u>1,138,974</u>	<u>1,149,330</u>
Total supporting services	<u>15,063,831</u>	<u>14,411,139</u>
Community services:		
Community pool:		
Salaries	65,192	63,914
Employee benefits	30,105	29,697
Purchased services	7,429	1,300
Supplies	16,420	15,685
Miscellaneous	292	160
	<u>119,438</u>	<u>110,756</u>

(Continued)

**BYRON CENTER PUBLIC SCHOOLS**  
**General Fund**  
**Comparative Schedule of Expenditures**  
**For the years ended June 30, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
Community activities:		
Salaries	\$ 106	\$ 212
Employee benefits	36	72
Supplies	<u>800</u>	<u>735</u>
	942	1,019
Non-public school pupils:		
Purchased services	12,086	6,002
Payments to other districts	<u>1,191</u>	<u>-</u>
	<u>13,277</u>	<u>6,002</u>
Total community services	133,657	117,777
Interdistrict:		
Sub-grantee payments	<u>-</u>	<u>5,220</u>
<b>Total Expenditures</b>	<u><u>\$ 42,589,860</u></u>	<u><u>\$ 40,997,998</u></u>

## **NONMAJOR GOVERNMENTAL FUNDS**

**BYRON CENTER PUBLIC SCHOOLS**  
**Combining Balance Sheet - Nonmajor Governmental Funds**  
**June 30, 2019**

	Special Revenue			Debt Service	
	Food Service	Community Service	VanSingel Fine Arts Center	2010	2012
<b>Assets</b>					
Cash equivalents, deposits and investments	\$ 348,672	\$ 1,006,169	\$ -	\$ 15,867	\$ 13,446
Due from other funds	19,324	-	-	-	-
Due from other governmental units	11,047	239	-	-	-
Inventory	22,248	-	-	-	-
Prepaid expenditures	-	10,000	-	-	-
<b>Total Assets</b>	<b>\$ 401,291</b>	<b>\$ 1,016,408</b>	<b>\$ -</b>	<b>\$ 15,867</b>	<b>\$ 13,446</b>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ 271	\$ 53,197	\$ -	\$ -	\$ -
Due to other funds	1,403	15,112	-	-	-
Due from other governmental units	1,092	10,140	-	1,040	832
Salaries payable	2,837	29,853	-	-	-
Unearned revenue	36,567	103,624	-	-	-
<b>Total Liabilities</b>	<b>42,170</b>	<b>211,926</b>	<b>-</b>	<b>1,040</b>	<b>832</b>
<b>Fund Balances</b>					
Nonspendable	22,248	10,000	-	-	-
Restricted	336,873	794,482	-	14,827	12,614
Committed	-	-	-	-	-
<b>Total Fund Balances</b>	<b>359,121</b>	<b>804,482</b>	<b>-</b>	<b>14,827</b>	<b>12,614</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 401,291</b>	<b>\$ 1,016,408</b>	<b>\$ -</b>	<b>\$ 15,867</b>	<b>\$ 13,446</b>

Debt Service					Capital Projects	
2012 Refunding	2015 Refunding	2016 SBLF Refunding	2017	2018 Refunding	Building and Site	Total
\$ -	\$ 21,533	\$ 1,991	\$ 294,106	\$ 5,835	\$ 2,949,468	\$ 4,657,087
-	-	-	-	-	-	19,324
-	-	-	-	-	207	11,493
-	-	-	-	-	-	22,248
-	-	-	-	-	-	10,000
<u>\$ -</u>	<u>\$ 21,533</u>	<u>\$ 1,991</u>	<u>\$ 294,106</u>	<u>\$ 5,835</u>	<u>\$ 2,949,675</u>	<u>\$ 4,720,152</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,996	\$ 67,464
-	-	-	-	-	-	16,515
-	1,280	128	2,000	320	791	17,623
-	-	-	-	-	-	32,690
-	-	-	-	-	-	140,191
<u>-</u>	<u>1,280</u>	<u>128</u>	<u>2,000</u>	<u>320</u>	<u>14,787</u>	<u>274,483</u>
-	-	-	-	-	-	32,248
-	20,253	1,863	292,106	5,515	2,544,888	4,023,421
-	-	-	-	-	390,000	390,000
<u>-</u>	<u>20,253</u>	<u>1,863</u>	<u>292,106</u>	<u>5,515</u>	<u>2,934,888</u>	<u>4,445,669</u>
<u>\$ -</u>	<u>\$ 21,533</u>	<u>\$ 1,991</u>	<u>\$ 294,106</u>	<u>\$ 5,835</u>	<u>\$ 2,949,675</u>	<u>\$ 4,720,152</u>

**BYRON CENTER PUBLIC SCHOOLS**  
**Combining Schedule of Revenues, Expenditures and Changes in**  
**Fund Balances - Nonmajor Governmental Funds**  
**For the year ended June 30, 2019**

	Special Revenue			2010	2012
	Food Service	Community Service	VanSingel Fine Arts Center		
<b>Revenues</b>					
Local sources:					
Property taxes	\$ -	\$ -	\$ -	\$ 1,609,705	\$ 1,287,764
Interest earnings	2,861	9,047	765	4,423	4,207
Food sales	844,764	-	-	-	-
Revenue from student activities	-	-	76,748	-	-
Other local sources	-	2,016,363	237,380	-	-
<b>Total local sources</b>	<b>847,625</b>	<b>2,025,410</b>	<b>314,893</b>	<b>1,614,128</b>	<b>1,291,971</b>
Non-educational sources	-	140,129	-	-	-
State sources	66,396	-	-	-	-
Federal sources	776,044	-	-	-	-
<b>Total Revenues</b>	<b>1,690,065</b>	<b>2,165,539</b>	<b>314,893</b>	<b>1,614,128</b>	<b>1,291,971</b>
<b>Expenditures</b>					
Current:					
Community services	-	2,057,470	434,872	-	-
Food service	1,618,849	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal repayment	-	-	-	1,915,000	1,075,000
Interest and fiscal charges	-	-	-	881,572	744,377
Bond issuance costs	-	-	-	-	-
<b>Total Expenditures</b>	<b>1,618,849</b>	<b>2,057,470</b>	<b>434,872</b>	<b>2,796,572</b>	<b>1,819,377</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>71,216</b>	<b>108,069</b>	<b>(119,979)</b>	<b>(1,182,444)</b>	<b>(527,406)</b>
<b>Other Financing Sources (Uses)</b>					
School bond loan issued	-	-	-	1,187,716	531,310
Transfers in	16,005	125,981	136,000	-	-
Transfers out	-	(125,000)	(50,281)	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>16,005</b>	<b>981</b>	<b>85,719</b>	<b>1,187,716</b>	<b>531,310</b>
<b>Net Change in Fund Balances</b>	<b>87,221</b>	<b>109,050</b>	<b>(34,260)</b>	<b>5,272</b>	<b>3,904</b>
<b>Fund Balances, Beginning of Year</b>	<b>271,900</b>	<b>695,432</b>	<b>34,260</b>	<b>9,555</b>	<b>8,710</b>
<b>Fund Balances, End of Year</b>	<b>\$ 359,121</b>	<b>\$ 804,482</b>	<b>\$ -</b>	<b>\$ 14,827</b>	<b>\$ 12,614</b>



		Debt Service			Capital Projects		
2012	2015	2016		2018	Building		
Refunding	Refunding	SBLF	2017	Refunding	and Site	Total	
		Refunding					
\$ 1,685,087	\$ 296,085	\$ 198,123	\$ 3,095,591	\$ 493,343	\$ 1,223,825	\$ 9,889,523	
6,028	1,019	705	9,677	1,944	24,068	64,744	
-	-	-	-	-	-	844,764	
-	-	-	-	-	-	76,748	
-	-	-	-	1,952	-	2,255,695	
1,691,115	297,104	198,828	3,105,268	497,239	1,247,893	13,131,474	
-	-	-	-	-	-	140,129	
-	-	-	-	-	-	66,396	
-	-	-	-	-	-	776,044	
1,691,115	297,104	198,828	3,105,268	497,239	1,247,893	14,114,043	
-	-	-	-	-	-	2,492,342	
-	-	-	-	-	-	1,618,849	
-	-	-	-	-	628,740	628,740	
3,220,000	385,000	-	-	1,175,000	-	7,770,000	
65,792	27,594	227,891	2,827,401	386,212	-	5,160,839	
-	-	-	-	1,000	-	1,000	
3,285,792	412,594	227,891	2,827,401	1,562,212	628,740	17,671,770	
(1,594,677)	(115,490)	(29,063)	277,867	(1,064,973)	619,153	(3,557,727)	
1,599,687	115,323	4,250	-	1,043,002	-	4,481,288	
-	17,980	-	-	-	-	295,966	
(17,980)	-	-	-	-	-	(193,261)	
1,581,707	133,303	4,250	-	1,043,002	-	4,583,993	
(12,970)	17,813	(24,813)	277,867	(21,971)	619,153	1,026,266	
12,970	2,440	26,676	14,239	27,486	2,315,735	3,419,403	
\$ -	\$ 20,253	\$ 1,863	\$ 292,106	\$ 5,515	\$ 2,934,888	\$ 4,445,669	

**BYRON CENTER PUBLIC SCHOOLS**  
**Food Service Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the year ended June 30, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>			
Local sources	\$ 834,864	\$ 847,625	\$ 12,761
State sources	66,395	66,396	1
Federal sources	775,905	776,044	139
<b>Total Revenues</b>	<u>1,677,164</u>	<u>1,690,065</u>	<u>12,901</u>
<b>Expenditures</b>			
Food service	1,717,580	1,618,849	98,731
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(40,416)</u>	<u>71,216</u>	<u>111,632</u>
<b>Other Financing Sources (Uses)</b>			
Transfers in	16,005	16,005	-
<b>Net Change in Fund Balances</b>	<u>(24,411)</u>	<u>87,221</u>	<u>111,632</u>
<b>Fund Balances, Beginning of Year</b>	<u>271,900</u>	<u>271,900</u>	<u>-</u>
<b>Fund Balances, End of Year</b>	<u><u>\$ 247,489</u></u>	<u><u>\$ 359,121</u></u>	<u><u>\$ 111,632</u></u>

**BYRON CENTER PUBLIC SCHOOLS**  
**Community Service Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the year ended June 30, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>			
Local sources	\$ 2,027,756	\$ 2,025,410	\$ (2,346)
Non-educational sources	140,025	140,129	104
<b>Total Revenues</b>	<u>2,167,781</u>	<u>2,165,539</u>	<u>(2,242)</u>
<b>Expenditures</b>			
Current:			
Community services	<u>2,076,339</u>	<u>2,057,470</u>	<u>18,869</u>
<b>Excess of Revenues Over Expenditures</b>	<u>91,442</u>	<u>108,069</u>	<u>16,627</u>
<b>Other Financing Sources (Uses)</b>			
Transfers in	107,674	125,981	18,307
Transfers out	<u>(125,000)</u>	<u>(125,000)</u>	<u>-</u>
<b>Total Other Financing Sources (Uses)</b>	<u>(17,326)</u>	<u>981</u>	<u>18,307</u>
<b>Net Change in Fund Balances</b>	74,116	109,050	34,934
<b>Fund Balances, Beginning of Year</b>	<u>695,432</u>	<u>695,432</u>	<u>-</u>
<b>Fund Balances, End of Year</b>	<u><u>\$ 769,548</u></u>	<u><u>\$ 804,482</u></u>	<u><u>\$ 34,934</u></u>

**BYRON CENTER PUBLIC SCHOOLS**  
**VanSingel Fine Arts Center Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the year ended June 30, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>			
Local sources	\$ 308,043	\$ 314,893	\$ 6,850
<b>Expenditures</b>			
Current:			
Community services	446,329	434,872	11,457
<b>Deficiency of Revenues Over Expenditures</b>	<u>(138,286)</u>	<u>(119,979)</u>	<u>18,307</u>
<b>Other Financing Sources (Uses)</b>			
Transfers in	136,000	136,000	-
Transfers out	<u>(31,974)</u>	<u>(50,281)</u>	<u>(18,307)</u>
<b>Total Other Financing Sources (Uses)</b>	<u>104,026</u>	<u>85,719</u>	<u>(18,307)</u>
<b>Net Change in Fund Balances</b>	(34,260)	(34,260)	-
<b>Fund Balances, Beginning of Year</b>	<u>34,260</u>	<u>34,260</u>	<u>-</u>
<b>Fund Balances, End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

## **SPECIAL REVENUE FUNDS**

*Food Service* — to account for monies received from food service activities and federal subsidies for use in administering the hot lunch program of the District.

*Community Service* — to account for fees received for use in childcare and preschool services for residents of the District.

*VanSingel Fine Arts Center* — to account for admission fees, donations and interest earnings for use in the operation and maintenance of the District's fine arts performance center.

**BYRON CENTER PUBLIC SCHOOLS**  
**Food Service Special Revenue Fund**  
**Comparative Balance Sheet**  
**June 30, 2019 and 2018**

<b>Assets</b>	<u>2019</u>	<u>2018</u>
Cash equivalents, deposits and investments	\$ 348,672	\$ 275,031
Accounts receivable	-	813
Due from other funds	19,324	426
Due from other governmental units	11,047	12,595
Inventory	22,248	21,442
<b>Total Assets</b>	<u><u>\$ 401,291</u></u>	<u><u>\$ 310,307</u></u>
 <b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ 271	\$ 1,329
Due to other funds	1,403	766
Due to other governmental units	1,092	317
Salaries payable	2,837	946
Unearned revenue	36,567	35,049
<b>Total Liabilities</b>	<u>42,170</u>	<u>38,407</u>
<b>Fund Balances</b>		
Nonspendable	22,248	21,442
Restricted	336,873	250,458
<b>Total Fund Balances</b>	<u>359,121</u>	<u>271,900</u>
<b>Total Liabilities and Fund Balances</b>	<u><u>\$ 401,291</u></u>	<u><u>\$ 310,307</u></u>

**BYRON CENTER PUBLIC SCHOOLS**  
**Food Service Special Revenue Fund**  
**Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**For the years ended June 30, 2019 and 2018**

	2019	2018
<b>Revenues</b>		
Local sources:		
Interest earnings:		
Interest on deposits and investments	\$ 2,861	\$ 698
Food sales:		
Children's breakfasts	9,001	8,686
Children's lunches	577,989	604,852
Adult lunches	16,184	19,205
Milk	8,151	4,893
Ala carte	142,440	124,025
Banquets	-	89,841
Catering	86,560	-
Other	4,439	531
	<u>844,764</u>	<u>852,033</u>
Total local sources	847,625	852,731
State sources	66,396	80,498
Federal sources	776,044	748,003
	<u>1,690,065</u>	<u>1,681,232</u>
<b>Expenditures</b>		
Current:		
Food service:		
Salaries	431,791	457,360
Employee benefits	228,773	229,768
Purchased services	141,705	105,508
Supplies	806,546	801,087
Miscellaneous	10,034	9,889
	<u>1,618,849</u>	<u>1,603,612</u>
<b>Total Expenditures</b>	1,618,849	1,603,612
<b>Excess of Revenues Over Expenditures</b>	<u>71,216</u>	<u>77,620</u>
<b>Other Financing Sources</b>		
Transfers in	16,005	-
	<u>16,005</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	87,221	77,620
<b>Fund Balances, Beginning of Year</b>	<u>271,900</u>	<u>194,280</u>
<b>Fund Balances, End of Year</b>	<u><u>\$ 359,121</u></u>	<u><u>\$ 271,900</u></u>

**BYRON CENTER PUBLIC SCHOOLS**  
**Community Service Special Revenue Fund**  
**Comparative Balance Sheet**  
**June 30, 2019 and 2018**

<b>Assets</b>	<u>2019</u>	<u>2018</u>
Cash equivalents, deposits and investments	\$ 1,006,169	\$ 870,729
Due from other funds	-	5,000
Due from other governmental units	239	-
Prepaid expenditures	10,000	-
<b>Total Assets</b>	<b><u>\$ 1,016,408</u></b>	<b><u>\$ 875,729</u></b>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ 53,197	\$ 53,298
Due to other funds	15,112	2,427
Due to other governmental units	10,140	10,069
Salaries payable	29,853	30,058
Unearned revenue	103,624	84,445
<b>Total Liabilities</b>	<b><u>211,926</u></b>	<b><u>180,297</u></b>
<b>Fund Balances</b>		
Nonspendable	10,000	-
Restricted for programs:		
Driver education	131,094	106,281
Preschool	154,973	139,522
Childcare	431,300	426,776
BCTV	29,667	19,197
Pool	7,167	3,656
Van Singel	40,281	-
<b>Total Fund Balances</b>	<b><u>804,482</u></b>	<b><u>695,432</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 1,016,408</u></b>	<b><u>\$ 875,729</u></b>



**BYRON CENTER PUBLIC SCHOOLS**  
**Community Service Special Revenue Fund**  
**Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**For the years ended June 30, 2019 and 2018**

	2019	2018
<b>Revenues</b>		
Local sources:		
Interest earnings:		
Interest on deposits and investments	\$ 9,047	\$ 2,689
Other local sources:		
Preschool fees	249,573	233,066
Driver education fees	50,765	39,485
Scholarship	485	-
Daycare fees	1,596,216	1,502,047
Pool fees	119,324	142,216
	<u>2,016,363</u>	<u>1,916,814</u>
Total local sources	2,025,410	1,919,503
Non-educational sources:		
BCTV	140,129	113,306
	<u>140,129</u>	<u>113,306</u>
<b>Total Revenues</b>	<u>2,165,539</u>	<u>2,032,809</u>
<b>Expenditures</b>		
Community services:		
Community recreation:		
Salaries	127,863	125,292
Employee benefits	35,315	37,910
Purchased services	74,623	69,326
Supplies	1,119	2,224
Miscellaneous	20,307	32,933
	<u>259,227</u>	<u>267,685</u>
Preschool:		
Salaries	170,992	166,715
Employee benefits	59,108	56,299
Purchased services	2,659	617
Supplies	3,614	4,586
Miscellaneous	612	1,321
	<u>236,985</u>	<u>229,538</u>
Child care:		
Salaries	461,354	451,473
Employee benefits	252,742	237,912
Purchased services	630,649	580,826
Supplies	47,490	37,554
Miscellaneous	12,164	9,933
	<u>1,404,399</u>	<u>1,317,698</u>

(Continued)

**BYRON CENTER PUBLIC SCHOOLS**  
**Community Service Special Revenue Fund**  
**Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**For the years ended June 30, 2019 and 2018**

	2019	2018
Driver education:		
Salaries	\$ 15,817	\$ 19,335
Employee benefits	5,162	6,490
Purchased services	4,372	12,279
Supplies	1,690	2,557
Miscellaneous	-	75
	<u>27,041</u>	<u>40,736</u>
BCTV:		
Salaries	75,392	63,491
Employee benefits	37,663	27,738
Purchased services	515	598
Supplies	7,888	2,246
Capital outlay	8,360	-
	<u>129,818</u>	<u>94,073</u>
<b>Total Expenditures</b>	<u>2,057,470</u>	<u>1,949,730</u>
<b>Excess of Revenues Over Expenditures</b>	<u>108,069</u>	<u>83,079</u>
<b>Other Financing Sources (Uses)</b>		
Transfers in	125,981	60,000
Transfers out	(125,000)	(125,000)
	<u>981</u>	<u>(65,000)</u>
<b>Net Change in Fund Balances</b>	<u>109,050</u>	<u>18,079</u>
<b>Fund Balances, Beginning of Year</b>	<u>695,432</u>	<u>677,353</u>
<b>Fund Balances, End of Year</b>	<u>\$ 804,482</u>	<u>\$ 695,432</u>

**BYRON CENTER PUBLIC SCHOOLS**  
**VanSingel Fine Arts Center Special Revenue Fund**  
**Comparative Balance Sheet**  
**June 30, 2019 and 2018**

	2019	2018
<b>Assets</b>		
Cash equivalents, deposits and investments	\$ -	\$ 53,426
Prepaid expenditures	-	6,550
<b>Total Assets</b>	<b>\$ -</b>	<b>\$ 59,976</b>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ -	\$ 7,467
Due to other funds	-	502
Unearned revenue	-	17,747
<b>Total Liabilities</b>	-	25,716
<b>Fund Balances</b>		
Nonspendable	-	6,550
Restricted	-	27,710
<b>Total Fund Balances</b>	-	34,260
<b>Total Liabilities and Fund Balances</b>	<b>\$ -</b>	<b>\$ 59,976</b>

**BYRON CENTER PUBLIC SCHOOLS**  
**VanSingel Fine Arts Center Special Revenue Fund**  
**Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**For the years ended June 30, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
<b>Revenues</b>		
Local sources:		
Interest earnings:		
Interest on deposits and investments	\$ 765	\$ 191
Revenues from student activities:		
Ticket sales	76,748	68,452
Other local sources:		
Advertising	755	1,076
Rental of facilities	100,353	131,743
Donations	134,059	132,635
Miscellaneous	2,213	2,920
Total Other Local Sources	<u>237,380</u>	<u>268,374</u>
<b>Total Revenues</b>	<u>314,893</u>	<u>337,017</u>
<b>Expenditures</b>		
Community services:		
Community activities:		
Salaries	182,850	183,173
Employee benefits	90,343	85,185
Purchased services	95,584	103,050
Supplies	61,969	63,228
Miscellaneous	4,126	4,161
<b>Total Expenditures</b>	<u>434,872</u>	<u>438,797</u>
<b>Deficiency of Revenues Over Expenditures</b>	<u>(119,979)</u>	<u>(101,780)</u>
<b>Other Financing Sources</b>		
Transfers in	136,000	75,000
Transfers out	<u>(50,281)</u>	<u>-</u>
<b>Total Other Financing Uses</b>	<u>85,719</u>	<u>75,000</u>
<b>Net Change in Fund Balances</b>	<u>(34,260)</u>	<u>(26,780)</u>
<b>Fund Balances, Beginning of Year</b>	<u>34,260</u>	<u>61,040</u>
<b>Fund Balances, End of Year</b>	<u><u>\$ -</u></u>	<u><u>\$ 34,260</u></u>

## **DEBT SERVICE FUNDS**

To accumulate property tax revenues and interest earnings for repayment of the bond issues of the District used to finance new building construction projects.

**BYRON CENTER PUBLIC SCHOOLS**  
**Debt Service Funds**  
**Combining Balance Sheet**  
**June 30, 2019**

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	2010	2012	2012 Refunding	2015 Refunding
<b>Assets</b>				
Cash equivalents, deposits and investments	\$ 15,867	\$ 13,446	\$ -	\$ 21,533
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Due to other governmental units	\$ 1,040	\$ 832	\$ -	\$ 1,280
<b>Fund Balances</b>				
Restricted	14,827	12,614	-	20,253
<b>Total Liabilities and Fund Balances</b>	<b>\$ 15,867</b>	<b>\$ 13,446</b>	<b>\$ -</b>	<b>\$ 21,533</b>

2016 SBLF Refunding	2017	2018 Refunding	Totals	
			2019	2018
<u>\$ 1,991</u>	<u>\$ 294,106</u>	<u>\$ 5,835</u>	<u>\$ 352,778</u>	<u>\$ 120,829</u>
\$ 128	\$ 2,000	\$ 320	\$ 5,600	\$ 18,753
<u>1,863</u>	<u>292,106</u>	<u>5,515</u>	<u>347,178</u>	<u>102,076</u>
<u>\$ 1,991</u>	<u>\$ 294,106</u>	<u>\$ 5,835</u>	<u>\$ 352,778</u>	<u>\$ 120,829</u>

**BYRON CENTER PUBLIC SCHOOLS**  
**Debt Service Funds**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**For the year ended June 30, 2019**

	2010	2012	2012 Refunding	2015 Refunding
<b>Revenues</b>				
Local sources:				
Property taxes:				
Current property taxes	\$ 1,602,793	\$ 1,282,235	\$ 1,676,769	\$ 295,898
Industrial facilities taxes	6,343	5,074	6,635	1,171
Delinquent and other property taxes	(165)	(132)	915	(1,118)
Interest on delinquent taxes	734	587	768	134
	<u>1,609,705</u>	<u>1,287,764</u>	<u>1,685,087</u>	<u>296,085</u>
Interest earnings:				
Interest on deposits and investments	4,423	4,207	6,028	1,019
Other local revenues:				
Refunds of expenditures	-	-	-	-
	<u>1,614,128</u>	<u>1,291,971</u>	<u>1,691,115</u>	<u>297,104</u>
<b>Expenditures</b>				
Debt service:				
Principal repayment	1,915,000	1,075,000	3,220,000	385,000
Interest and fiscal charges:				
Interest expense	879,594	742,594	64,400	25,900
Paying agent fees	150	150	150	500
Tax refunds	1,828	1,633	1,242	1,194
Bond issuance costs	-	-	-	-
Underwriter's discount	-	-	-	-
	<u>2,796,572</u>	<u>1,819,377</u>	<u>3,285,792</u>	<u>412,594</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(1,182,444)</u>	<u>(527,406)</u>	<u>(1,594,677)</u>	<u>(115,490)</u>
<b>Other Financing Sources (Uses)</b>				
Refunding bonds issued	-	-	-	-
Bond premium	-	-	-	-
School bond loan issued	1,187,716	531,310	1,599,687	115,323
Payments to bond escrow agent	-	-	-	-
Transfers in	-	-	-	17,980
Transfers out	-	-	(17,980)	-
	<u>1,187,716</u>	<u>531,310</u>	<u>1,581,707</u>	<u>133,303</u>
<b>Net Change in Fund Balances</b>	5,272	3,904	(12,970)	17,813
<b>Fund Balances, Beginning of Year</b>	<u>9,555</u>	<u>8,710</u>	<u>12,970</u>	<u>2,440</u>
<b>Fund Balances, End of Year</b>	<u>\$ 14,827</u>	<u>\$ 12,614</u>	<u>\$ -</u>	<u>\$ 20,253</u>



2016 SBLF Refunding	2017	2018 Refunding	Totals	
			2019	2018
\$ 197,272	\$ 3,082,300	\$ 493,168	\$ 8,630,435	\$ 8,014,838
781	12,197	-	32,201	29,452
(20)	(317)	(51)	(888)	4,151
90	1,411	226	3,950	2,152
<u>198,123</u>	<u>3,095,591</u>	<u>493,343</u>	<u>8,665,698</u>	<u>8,050,593</u>
705	9,677	1,944	28,003	10,328
-	-	1,952	1,952	20,096
<u>198,828</u>	<u>3,105,268</u>	<u>497,239</u>	<u>8,695,653</u>	<u>8,081,017</u>
-	-	1,175,000	7,770,000	7,660,000
227,301	2,826,750	384,428	5,150,967	4,709,989
500	500	500	2,450	2,950
90	151	1,284	7,422	33,133
-	-	1,000	1,000	74,239
-	-	-	-	31,523
<u>227,891</u>	<u>2,827,401</u>	<u>1,562,212</u>	<u>12,931,839</u>	<u>12,511,834</u>
<u>(29,063)</u>	<u>277,867</u>	<u>(1,064,973)</u>	<u>(4,236,186)</u>	<u>(4,430,817)</u>
-	-	-	-	7,005,000
-	-	-	-	723,172
4,250	-	1,043,002	4,481,288	4,355,728
-	-	-	-	(7,622,410)
-	-	-	17,980	980
-	-	-	(17,980)	(980)
<u>4,250</u>	<u>-</u>	<u>1,043,002</u>	<u>4,481,288</u>	<u>4,461,490</u>
(24,813)	277,867	(21,971)	245,102	30,673
<u>26,676</u>	<u>14,239</u>	<u>27,486</u>	<u>102,076</u>	<u>71,403</u>
<u>\$ 1,863</u>	<u>\$ 292,106</u>	<u>\$ 5,515</u>	<u>\$ 347,178</u>	<u>\$ 102,076</u>

## **CAPITAL PROJECTS FUNDS**

Building and Site — to account for property tax revenues and interest earnings used to finance building improvements projects.

2017 Construction — to account for bond proceeds used to finance building construction and improvement projects.

**BYRON CENTER PUBLIC SCHOOLS**  
**Building and Site Capital Projects Fund**  
**Comparative Balance Sheet**  
**June 30, 2019 and 2018**

	2019	2018
<b>Assets</b>		
Cash equivalents, deposits and investments	\$ 2,949,468	\$ 2,357,009
Due from other govt units	207	-
<b>Total Assets</b>	<b>\$ 2,949,675</b>	<b>\$ 2,357,009</b>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ 13,996	\$ 38,630
Due to other governmental units	791	2,644
<b>Total Liabilities</b>	<b>14,787</b>	<b>41,274</b>
<b>Fund Balances</b>		
Restricted	2,544,888	2,015,735
Committed	390,000	300,000
<b>Total Fund Balances</b>	<b>2,934,888</b>	<b>2,315,735</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 2,949,675</b>	<b>\$ 2,357,009</b>

**BYRON CENTER PUBLIC SCHOOLS**  
**Building and Site Capital Projects Fund**  
**Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**For the years ended June 30, 2019 and 2018**

	2019	2018
<b>Revenues</b>		
Local sources:		
Property taxes:		
Current property taxes	\$ 1,218,365	\$ 1,130,242
Industrial facilities taxes	4,821	4,153
Delinquent and other property taxes	73	439
Interest on delinquent taxes	566	303
Total property taxes	1,223,825	1,135,137
Interest earnings:		
Interest on deposits and investments	24,068	6,103
<b>Total Revenues</b>	<b>1,247,893</b>	<b>1,141,240</b>
<b>Expenditures</b>		
Capital outlay:		
Site acquisition services	85,025	-
Site improvement services	9,500	-
Building improvements	533,158	458,439
Tax refunds	1,057	4,730
<b>Total Expenditures</b>	<b>628,740</b>	<b>463,169</b>
<b>Excess of Revenues         Over Expenditures</b>	<b>619,153</b>	<b>678,071</b>
<b>Other Financing Sources</b>		
Transfers in	-	602,419
<b>Net Change in Fund Balances</b>	<b>619,153</b>	<b>1,280,490</b>
<b>Fund Balances, Beginning of Year</b>	<b>2,315,735</b>	<b>1,035,245</b>
<b>Fund Balances, End of Year</b>	<b>\$ 2,934,888</b>	<b>\$ 2,315,735</b>

**BYRON CENTER PUBLIC SCHOOLS**  
**2017 Construction Capital Projects Fund**  
**Comparative Balance Sheet**  
**June 30, 2019 and 2018**

	2019	2018
<b>Assets</b>		
Cash equivalents, deposits and investments	\$ 31,592,619	\$ 55,030,001
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ -	\$ 2,314,644
Due to other funds	-	829
<b>Total Liabilities</b>	-	2,315,473
<b>Fund Balances</b>		
Restricted	29,201,954	51,311,184
Assigned for future expenditures	2,390,665	1,403,344
<b>Total Fund Balances</b>	31,592,619	52,714,528
<b>Total Liabilities and Fund Balances</b>	\$ 31,592,619	\$ 55,030,001

**BYRON CENTER PUBLIC SCHOOLS**  
**2017 Construction Capital Projects Fund**  
**Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**For the years ended June 30, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
<b>Revenues</b>		
Local sources:		
Interest earnings:		
Interest on cash equivalents, deposits and investments	\$ 1,097,856	\$ 915,705
<b>Expenditures</b>		
Supporting services:		
Operations and maintenance:		
Operating building services:		
Property and liability	762	32,736
Other purchased services	4,542	137,250
Pupil transportation services:		
New school buses	395,625	466,198
Total supporting services	<u>400,929</u>	<u>636,184</u>
Capital outlay:		
Site improvement	13,613	172,447
Improvements other than buildings	2,060,533	2,557,656
Building improvements	16,530,581	5,184,373
Bond consultant fees	74	5,646
Architect fees	513,621	2,114,166
Other facilities acquisition and construction services	246,834	-
Technology hardware	2,453,580	500,594
Total capital outlay	<u>21,818,836</u>	<u>10,534,882</u>
Debt Service:		
Bond issuance costs	-	70,967
<b>Total Expenditures</b>	<u>22,219,765</u>	<u>11,242,033</u>
<b>Deficiency of Revenues Over Expenditures</b>	<u>(21,121,909)</u>	<u>(10,326,328)</u>
<b>Other Financing Uses</b>		
Transfers out	-	(602,419)
<b>Net Change in Fund Balances</b>	(21,121,909)	(10,928,747)
<b>Fund Balances, Beginning of Year</b>	<u>52,714,528</u>	<u>63,643,275</u>
<b>Fund Balances, End of Year</b>	<u>\$ 31,592,619</u>	<u>\$ 52,714,528</u>